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Abstract

Prior research has suggested that models intended to explain the organizational commitment of public employees have not accounted for the substantial and often intense external controls imposed on public organizations. A public scandal involving corruption and mismanagement in a New York State public school district resulted in the state legislature implementing a program of reforms intended to increase the financial accountability of public school districts. The aim of this exploratory, multi-subject qualitative study is to gain insight about how financial managers in public school districts experienced the reform and think about external controls that feature an extensive regimen of auditing. According to the ten school business officials that participated in the study, the accountability demands produced by the reform have affected their work environment in tangible ways. Data from structured interviews with the study participants revealed a) how they entered and became established in the school business career field, b) how participants assess the utility of the reform elements, and c) the participants' strategies for survival in the post-reform environment. The participants: generally prepared for a career in business and entered the occupation through the civil service; have varying opinions about the utility and appropriateness of the reform elements; and consistently agree that over the ten years since the reform legislation was passed, the audit regime has produced little benefit relative to its cost, yet has been a major factor in creating an environment that is substantially more difficult for school business officials to survive in. Of particular interest for this project was elaborating on the mechanisms by

which external controls affect the psychological attachments that bind public sector financial managers to their organizations. The study findings generally support the view that a public financial manager's organizational commitment is a function of their perceptual constructions of the job autonomy and supervisor support that they enjoy. Reputation, which is moderated by exposure in the news media, also appears to be an important factor.

Audit, Accountability and Commitment:
School Business Officials' Perceptions of an Audit Regime

by

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List of Tables

Table 1:	Summary of Positive Research on School District Auditing.....	47
Table 2:	Summary of Research on External Auditor Rotation or Tendering, Internal Audit, Audit Committees and Performance Auditing	48
Table 3:	Summary of Public Sector Organizational Commitment Research..	49
Table 4:	Summary of Participant Characteristics and Sampling Criteria	54
Table 5:	Categories and Themes	65
Table 6:	Narrative Expression of Participant Counts.....	67
Table 7:	Participant Endorsements of Selected Reform Elements.....	88
Table 8:	Audit Focus (Number of Audits by Type).....	93

List of Figures

Figure 1:	Initial Theoretical Construct	5
Figure 2:	Regions of New York State	68
Figure 3:	Participant's Path to the SBO Position	70
Figure 4:	Primary Audit Focus (2006-2011)	93
Figure 5:	Revised Theoretical Construct	118

Table of Contents

List of Tables	vi
List of Figures	vii
Chapter 1 Introduction	1
Problem	1
Purpose	2
Research Question	2
Significance of the Study	3
Conceptual Framework	4
Summary of the Methodology	6
Limitations	6
Institutional Context	7
Definition of Terms	8
Organization of the Report	12
Chapter 2 Literature Review	13
Organization of the Review	13
Auditing Public School Districts	14
Early Literature	14
Demand for Quality in School District Auditing	18
Research on Audit-intensive Reform Strategies	22
External Auditor Rotation	22

Internal Audit	24
Audit Committees	25
Performance Auditing.....	27
Research on Auditees.....	28
Organizational Commitment and Related Constructs.....	31
Commitment Theories Emphasizing Contracts	31
Commitment Theories Emphasizing Attitudes	34
Criticisms of Side-Bet Theory and the Three-Component Model.....	37
Related Psychological Constructs	39
Organizational Commitment in the Public Sector	42
Summary of the Literature	45
Summary of the Accounting Literature	46
Summary of the Organizational Commitment Literature	49
Chapter 3 Methodology	52
Research Design.....	52
Description of the Participants.....	54
Role of the Researcher	56
Data Collection and Analysis.....	58
Data Collection	58
Process of Analyzing the Data	60
Validity Steps.....	65

Chapter 4 Data Analysis and Results	67
Theme One: Becoming Established	68
Pre-Service, Entry and Movement	68
Negotiating Responsibilities	71
Looking Back at Preparation	73
Relationship with the Superintendent	75
Job Autonomy	79
Felt Obligations	81
Making a Living as a School Business Official	82
Holding a Position	82
Semi-independent Contracting	83
Liking the Work	84
Theme Two: Assessing the Reform	87
Audits and Accountability	87
Reform Stimulus and Structure	87
External Audit Tendering, Internal and Claims Auditing	89
Audit Committees	91
Performance Auditing	92
Board Involvement	94
Transparency	96
Theme Three: Surviving the Reform	97
Feeling Valued	97

Surviving the Audit Assault.....	102
Impact on the Role	106
Success	109
Chapter 5 Interpretations, Recommendations, and Conclusion.....	110
Summary of the Study	110
Findings and Interpretations	111
Theme One: Becoming Established.....	111
Theme Two: Assessing Reform.....	113
Reform Stimulus and Structure.....	113
External Auditor Rotation.....	114
Internal Audit	115
Audit Committees	115
Performance Auditing.....	116
Theme Three: Surviving the Reform	117
Possible Effect on Organizational Commitment.....	117
Possible Reputational Effects	118
Possible Effects on Perceived Supervisor Support	119
Recommendations.....	120
Researcher Reflections.....	123
Suggestions for Further Research	124
Conclusion	126

Appendix A Timeline and Legislative History	129
Appendix B Recruitment Script.....	132
Appendix C Consent Form	133
Appendix D Interview Questions.....	136
Appendix E Example of Data Auditability for "Creativity" Code	139
Bibliography	144
Vita	163

Chapter 1 - Introduction

In the wake of the 2004 scandal involving corruption and mismanagement in the Roslyn (NY) Union Free School District, the New York State Legislature passed legislation requiring that public school districts be subjected to several oversight measures beyond the traditional annual financial audit performed by an independent, external auditor (Office of the Comptroller, 2004). This intensification of audit surveillance is consistent with Roberts' (2009) observation that after a significant failure of oversight, principals make "repeated investment in ever more extensive measures in an attempt to fabricate the certainties of knowing in advance and at a distance, and thereby escape the anxiety of real dependence" (p. 969). Nonetheless, it has been shown that even promising reform strategies can produce perverse consequences when implemented (Hood & Peters, 2004; Roberts, 2002). Therefore it is possible that an imposed audit regime, especially if perceived as unnecessarily coercive and potentially punitive by those being audited, might create conditions that lead to less accountability, not more (Pautz & Washington, 2009; Power, 2003; Shapiro & Matson, 2007).

Problem

More than three decades of research supports the widely-held belief that positive organizational outcomes and performance depend on committed employees working toward organizational goals. It has been shown that committed employees will be less likely to exhibit negative workplace behaviors such as absenteeism and turnover, and more likely to exhibit positive ones (Meyer, Stanley, Herscovitch & Topolnytsky, 2002; Williams & Anderson, 1991; Eisenberger, Fasolo & Davis-LaMastro, 1990). However, recent research has suggested that models intended to explain the organizational commitment (OC) of public employees must account for the effects of substantial and often intense external controls imposed on public

organizations (Stazyk, Pandey & Wright, 2011). External controls meant to ensure good behavior of public employees have the potential to undermine the psychological commitment of public employees, weakening their resolve toward achieving organizational and social goals.

Purpose

The aim of this exploratory, multi-subject, qualitative study is to gain insight about how auditees in public organizations experience and think about external controls that feature an extensive regimen of auditing. Of particular interest is how the intensification of an audit-based system of external controls might affect the psychological attachments that bind the auditees to their organizations. For this project, the auditees are school district officials responsible for the day-to-day financial functions of a public school district (school business officials). The system of external controls is operationalized as a state-imposed program of financial accountability reforms.

Research Question

The central research question explored is: “how do business officials in public school districts, as auditees, perceive the effects of a recent financial accountability/audit reform program; and in what ways do their perceptions affect the psychological attachments that bind them to their organizations?” The following sub-questions serve to guide the exploration of different aspects of the central research question.

1. How do these school business officials describe and explain the effects of the reform on their work environment, activities and relations?
2. How do these school business officials describe and explain the effects of the reform on their professional identities, motivations and commitments?

In pursuing these questions, aspects about the nature of the school business official's work as well as their work environments and careers are revealed.

Significance of the Study

The study is instructive from a three perspectives. First, the study contributes to public sector organizational commitment theory by offering a more detailed theoretical model that might better explain how reform activities work to influence psychological and institutional dynamics of the structure-agency relationship in school districts.

Secondly, in light of continued calls to install SOX¹-like regulation throughout the public sector (Brown, 2005; Frank, 2008), policy-makers charged with ensuring that public financial resources have sufficient oversight should be interested in learning how financial administrators in public organizations are affected by new accountability demands. Higher education programs, many of which are part of state university systems, must create training programs to produce competent, resilient people capable of creatively and effectively managing scarce financial resources in a politically-charged, yet increasingly regulated context.

Thirdly, from the perspective of practice, this project may help practicing and prospective school business officials avoid the atrophy of personal responsibility that is an unintended consequence of the "paradox of accountability"² by encouraging regular reflection about their

¹ SOX is a commonly-used name for the Sarbanes–Oxley Act of 2002, a federal law that set stricter standards for U.S. public company boards, management and public accounting firms. SOX was enacted as a reaction to major financial scandals of the time, including Enron.

² "Responsible interpretation and application of external accountability demands ultimately depends on the cultivation of the virtues that support good administrative judgment, but the institutions and mechanisms that are used to communicate these external standards, and that monitor compliance with them, often threaten the very qualities that support responsible judgment." (Jos & Tompkins, 2004, p. 255).

own agency and contribution toward social goals. For it is the reflection about ethical stewardship of public funds, rather than excessive reliance on external standards, that is essential for a successful career in the public sector (Harmon, 1995; Jos & Tompkins, 2004; Roberts, 2002; Schön, 1983).

Conceptual Framework

Public administration, industrial psychology/human resource management, and accounting were the three primary fields drawn upon to form the basis for the initial conceptual framework. The framework posits that reforms work by requiring structural changes to which then individuals adapt their behavior and form/modify their beliefs in response to the structural changes. Extant theories suggest that:

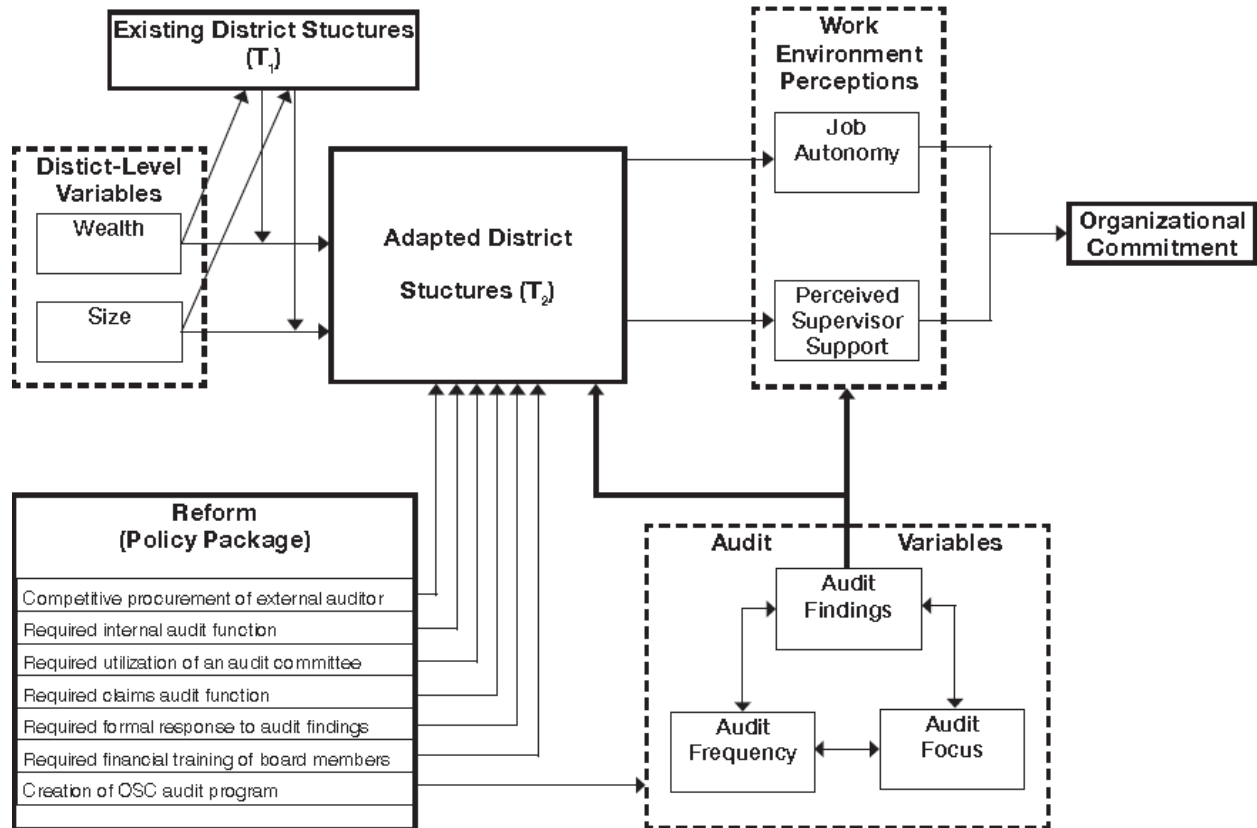
1. Public organizations at the local level are subject to the external control of the state (Benson, 1965; Seder, 2000; United States Advisory Commission on Intergovernmental Relations, 1993), and when accountability failures occur external controls are intensified by the state and manifest as reforms (Roberts, 2009);
2. Subordinate organizations initially respond to financial reforms with resistance (Fernandez & Rodrik, 1991; Shapiro & Matson, 2007), but ultimately adjust internal structures to align with reform goals (DiMaggio & Powell, 1983; Verbruggen, Christiaens & Milis, 2011).
3. Changes to internal structures tend to constrain managerial discretion, (Bozeman, 2000; Moe, 1989) and so will threaten the level of job autonomy enjoyed by agency managers (O'Toole & Meyer, 1999);
4. Audit processes reveal failures to meet accountability standards (Ashbaugh-Skaife, Collins & Kinney, 2007; Beaver, 1989), and negative audit findings may cause an agency

manager to anticipate a reduced level of supervisory support (Desai, Hogan & Wilkins, 2006);

5. Loss of job autonomy and loss of perceived supervisor support may affect a leader's organizational commitment (Brimeyer, Perrucci & Wadsworth, 2010), and so lead to negative workplace behaviors such as absenteeism and turnover (Mathieu & Zajac, 1990).

The model that follows graphically depicts an incomplete causal theory of group behavior based on the preceding propositions. Decisions to emphasize the perceptions of the auditees and de-emphasize the structural changes on the district caused by the reform, and more importantly, the findings of this study require that this model be modified.

Figure 1: Initial Theoretical Construct



Summary of the Methodology

The analytical methodology for the analysis is the constant comparative method pioneered by Glaser and Strauss (1967) using an approach described by Boeije (2002) as “purposeful” (p. 392). Boeije’s approach was selected because it is applicable to grounded theory as well as other traditions and types of qualitative research (p. 391). The first several participants were recruited for the study using snowball sampling. Later in the process, participants were recruited using theoretical sampling. The primary data collection technique employed for the project was structured interviewing. Interviews were recorded, transcribed and reviewed by the participants. The coding process began by selecting provisional codes drawn from the initial theoretical model that was developed from the extant literature. The provisional coding was followed by an open coding cycle for the purpose of capturing codes from the corpus that were not anticipated in the preliminary model. The initial coding was followed by a cycle of axial coding focused on values, attitudes and beliefs of the participants. Selective coding then resulted in an iterative process of summaries being written, re-coded and re-written. Findings were then compiled, reviewed and checked.

Limitations

In all research, internal validity refers to the assurance that the inferences made based on the data collected are accurate. Because in qualitative research the researcher is the instrument, a primary source of internal validity threats in qualitative studies is the researcher. This is either by virtue of characteristics that could cause the interview subjects to give incomplete or inaccurate responses, or by biases that might cause the researcher to interpret responses incorrectly. While the personal characteristics of the researcher undertaking this research study, particularly age and experience as a school business official, benefitted the study by establishing the tone for the

interview as a conversation between colleagues, the risk is still present. Even when the research instrument functions well, there is also the potential for plausible alternative explanations.

As is often the case in qualitative research, the sampling was theoretical rather than random or probability-based sampling. Generalization of findings to broader populations would be speculative.

Institutional Context

The reform of interest for this project is the implementation of amendments to Chapters 263³ and 267⁴ of the Laws of New York, 2005 signed into law on July 19, 2005. Excerpts of the legislative history are provided in Appendix A. The reform package is a direct result of a scandal associated with the criminal indictment of top school district officials for alleged embezzlement of millions of dollars in the Roslyn Union Free School District on Long Island, New York.

The design of the legislation is based on the “Hevasi Five-Point Plan” proposed in June of 2004 by then-State Comptroller Alan Hevasi. The legislation required that the State Comptroller complete an audit on every school district in the state within five years (by mid-2010). Regular audits of school districts by the State Comptroller had been discontinued in the early 1980’s as a cost reduction measure. In addition to re-establishing auditing of public school districts as a responsibility of the State Comptroller, and leaving the requirement for an annual external financial audit in place, the legislation mandates seven reform measures. These require:

³ Text of the amendment is found at <http://www.osc.state.ny.us/localgov/schoolsfa/chapter263.pdf>.

⁴ Text of the amendment is found at <http://www.osc.state.ny.us/localgov/schoolsfa/chapter267.pdf>.

1. School districts to limit the term length of auditor contracts and also to utilize competitive bidding or request for proposal (RFP) processes for the procurement of external auditing services. Using a competitive process is also known as *audit tendering*;
2. School districts to create an *internal audit* function. This function conducts an annual review and update of policies, procedures and internal controls;
3. School districts to utilize an *audit committee* that reports to the school board;
4. Auditing of school districts by the Office of the New York State Comptroller (*Performance audits*);
5. Strengthening the *claims auditor* function by clarifying that the claims auditor reports directly to the board, and allowing the board to use contractors to fulfill the claims audit function;
6. Voting school board members to attend six hours of *financial training* within one year of appointment or election, with the training curriculum prepared by the Commissioner of Education in consultation with the Comptroller.⁵
7. School districts to formally respond to audit findings by creating a *Corrective Action Plan* (CAP) within 90 days and implementing the CAP by the end of the next fiscal year.

Definition of Terms

“School business official” or SBO refers to an educational administrator charged with managing the day to day financial and business-related operations of a public school district. In New York a person may hold a school business position by completing educational and practical

⁵ Chapter 388 of the Laws of New York, 2010 adds a requirement for board members elected or appointed for a first term beginning on or after July 1, 2011 to complete a course in school district governance. For purposes of this project, this addition is not considered part of the reform package.

requirements to be granted an appropriate educational certificate or by passing an appropriate civil service test. This position reports to the school district's superintendent.

"Certified Public Accountant" or CPA refers to an accountant who by virtue of their education and experience as well as passing an intensive qualifying exam is licensed by their state to practice accountancy in that state.

"Chief Financial Officer" or CFO refers to the senior manager responsible for overseeing the financial activities of an entire company. The term has become popular in the non-profit and public sectors as well.

"School district" is a political sub-division authorized by the state to operate a school system comprised of one or more schools. In New York, school districts are classified as "Common," "Union Free" or "Central" school districts. Common school districts are authorized to operate elementary (kindergarten through grade 8) schools. Union Free school districts are formed by combining two or more common school districts to operate a high school program. Central school districts have the legal authority to independently raise taxes to operate both elementary and high schools to serve suburban or rural areas. Central school districts are formed by merging smaller school districts of any classification.

"Organizational commitment" is a psychological construct that represents the strength of an individual's identification with and his or her involvement in a particular organization (Mowday, Steers, & Porter, 1979). Organizational commitment implies that a person: 1) believes in the organization's goals and core values (identification), 2) is willing to exert effort beyond the minimum required on behalf of the organization (involvement), and 3) has a strong intent or desire to remain with the organization (loyalty).

“Job autonomy” is a psychological construct that represents the latitude an individual manager perceives that they have to control their work situation. Facets of autonomy include scheduling work, determining priorities, and evaluating success.

“Perceived supervisor support” (PSS) is a psychological construct that refers to a person’s perceptions of the support extended by their supervisor. In the case of a school business official, the supervisor would be the school district’s superintendent. Because supervisors act as agents of an organization, PSS is closely related to perceived organizational support (POS), a person’s perceptions of the support extended by the organization. In the case of a school business official, the organization would be the school district.

“External audit” refers to any review of the financial statements or reports of a government or business entity by someone not affiliated with that agency or company. In New York, a public school district is required by law to undergo an external audit of financial statements on an annual basis. School districts are also subject to review by federal and state auditors on demand.

“Mandatory auditor rotation” (or “external auditor rotation” or “auditor” rotation) refers to a legal or regulatory requirement for an organizational entity to select a different external auditor than the current one after a specified period of time.

“Audit tendering” is the process of utilizing a competitive process, whether required or not, for the procurement of external auditing services. Audit tendering may lead to auditor rotation, but audit tendering does not require auditor rotation.

“Internal controls” refers to the set of organizational processes and procedures, checks and balances that are designed to provide management with reasonable assurance that the goals and objectives it believes important to the entity will be met. These goals and objectives typically

are to produce reliable financial information, promote efficient operations, comply with applicable laws, regulations and policies, and detect fraud (Graham, 2008). In the United States, a high level of internal control is mandated by federal law. The Sarbanes-Oxley (SOX) bill, enacted on July 30, 2002, established new or enhanced standards for all U.S. public company boards, their managements and public accounting firms. While public entities have long employed internal controls, events like the scandal in the Roslyn school district bring the adequacy of the controls into question.

“Internal audit” is an appraisal activity established by the organization’s management to review financial operations as a means of assuring conformance with management policies and the effectiveness of internal controls. Internal auditing should conform to generally accepted standards for internal auditing. In New York public school districts, the internal audit function reviews financial policies, procedures and practices, tests and evaluates internal controls; and recommend changes for strengthening controls and reducing identified risks at least annually.

“Claims audit” is an a priori review of a demand for payment to determine whether: the claim is for a valid and legal purpose; was authorized and approved by an appropriate official; there are sufficient appropriations to pay the claim; and, the claim is sufficiently detailed and free of mathematical errors (Office of the New York State Comptroller, 2013).

“Performance audit,” as used by the Office of the New York State Comptroller (2004), is an “objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of an organization to improve public accountability and decision-making.”⁶

⁶ <http://www.osc.state.ny.us/localgov/audits/index.htm>

“Corrective action plan” refers to the required response to an audit report. It is not merely an acknowledgement. In New York, the school district administration is required by law to explain in sufficient detail what actions the district will take to correct each finding or recommendation for improvement identified by the auditor in the audit report. Corrective action plans are filed with the Office of the State Comptroller and with the State Education Department.

“Request for proposal,” also known as an RFP, is a competitive process commonly used by public agencies to procure goods or services that are not easily specified or where price is not the primary criterion for selecting a vendor. RFPs are typically used to procure professional services, such as legal, architectural, or auditing services.

Organization of the Report

In Chapter 1, the reader is introduced to the reason for doing the study, the research problem, and specific research questions. A description of the theoretical context, summary of method, and disclaimers are provided along with sufficient background to continue reading the study in an accessible way. In Chapter 2, a literature review is presented that provides the theoretical basis for conducting this particular study. The thematic review draws on accounting, industrial psychology/human resource management, and public management research. In Chapter 3, the methodology is described in detail. In Chapter 4, findings are organized in three themes and presented. Chapter Five concludes the study. In Chapter 5, the findings are related to existing research and interpretations are discussed. Recommendations for future research and researcher reflections are presented, then the report is concluded.

Chapter 2 - Literature Review

Finding effective institutional arrangements for assuring a central government that distant local governments are behaving in ways that serve the interests of both the central government and the public presents a classic principal-agent problem. Reflecting the goal conflict between principals and agents that is assumed in agency theory, organizational behavior theorists have argued that managers use discretion to their own advantage (Hood, 2007; Oliver, 1991).

Monitoring has long been seen as necessary for relieving the information asymmetry that is the root of hidden action and hidden information problems characteristic of agency relationships (Arrow, 1985; Eisenhardt, 1989). In financial management, audits function to facilitate information transfer between principal and agent by exposing previously hidden financial data, thereby lessening the information deficit of the principal. Thus for principals, auditing is a useful and highly valued monitoring system (Wallace, 2004).

Organization of the Review

This chapter presents the literature that informs the project. The chapter begins with a brief restatement of the research questions and purpose. A thematic review organized in two major sections follows the introduction. The accounting literature pertaining to the auditing of public school districts is discussed in the first section. The section begins with a discussion of the relevant accounting and school business management research prior to 1985. The positive accounting literature is then reviewed, first covering the demand for auditing in the public school district market, then literature as it pertains to specific elements of the reform. Because there is no substantive academic literature pertaining to claims auditing, training of school board members or corrective actions plans, the scope is limited to external auditor rotation (including tendering), internal audit, audit committees, and performance auditing. Last in this section, key

accounting researches on auditees are reviewed. The second major section draws on the industrial psychology, human resources management and public management literatures. The section begins with a discussion of the dominant theories of organizational commitment. A discussion of classic theories based on contract precedes a discussion of commitment theories based on attitudes. Then, a brief discussion of two psychological constructs that research has found to be related to organizational commitment, job autonomy and perceived supervisor support, follows. The section concludes with a review of research about the effects of administrative reforms on the work attitudes of public employees.

This study considers whether the coercive nature of reform programs implemented in the public sector to increase financial accountability might result in changes to the work attitudes held by the civil servants who manage public finances. This is of particular concern in public school districts, where questions of authority are especially acute (Gutmann, 1987, p. 71). Specifically, how a select group of school business officials in New York State perceive the effects of a state-imposed program of accountability reforms featuring a comprehensive audit program on their work environment will be examined.

Auditing Public School Districts

Early literature. The early literature applicable to the auditing of U.S. public school districts is oriented toward advancing the practices of accounting and auditing, and widening the adoption of those practices. Previts and Brown (1993) conducted a content analysis of articles about government accounting in the United States that appeared in the *Journal of Accountancy*, a leading journal in the accountancy field. Their analysis of articles from the journal's inception in 1905 to 1989 revealed that municipal accounting was a dominant theme between 1905 and 1939 with 74% of the articles published addressing municipal accounting or audit issues (1993, pp.

124-125). Most of these early works are, however, either technical treatments that address accounting problems of the day or advocacy pieces. For example, Goodloe (as cited in Previts and Brown), advocated for a mandatory audit of all public entities in his 1907 article “*Compulsory Auditing of Municipal Accounts.*”

It is apparent from the school business literature of the period that auditing had not yet become a concern of any import for those responsible for school management or governance. For example, Volume 2, no. 2 of the *Review of Educational Research* (April, 1932) was devoted to “Finance and Business Administration” and was intended to review the research between 1923 and November of 1931 (Front Matter). The editors were selective.

“...with the exception of calling attention to the general textbooks, we shall not take note of the non-research literature. We shall attempt to do as we have been instructed to do, namely, to review within the page limits set, only the important literature on the two topics mentioned above.”

Ward G. Reeder (1932)

The references for each article in the volume were compiled in a bibliography. Of the 449 references in the “*Bibliography on Finance and Business Management of Schools*” (1932), fifteen (15) references were listed under a heading called “Fiscal Control and Textbooks in Business Management of Schools.” Of the fifteen references, five clearly addressed topics

unrelated to audit, four were the best available school business textbooks⁷, two were dissertations comparing school governance structures in fiscally independent and fiscally dependent cities, and one discussed legal mechanisms to control school expenditures. Only three (3) articles of the 449 referenced articles, less than one percent, covered a topic related to an audit function, Each of the three articles used the word “control” in the proper context, or “safeguard” in the title or description.

Between 1940 and 1979, interest in municipal topics fell sharply, with only 14% of articles in the *Journal of Accountancy* addressing municipal accounting topics (1993, p. 130). Schaefer (1957) described the available literature on school district audits as “limited,” noting that “very few textbooks or technical journals deal specifically with the topic” and found only “one doctoral dissertation devoted to audit requirements in a single state and one master’s thesis concerned with ... a particular school fund” (p. 428). A few comprehensive textbooks on school business management practice were published during this period (see Division of Educational Management Services, 1955; Knezevich and Fowlkes, 1960; Roe, 1961; Greenhaigh, 1978). A section on audit is absent from the School Business Management Handbook (1955) series published by the University of the State of New York, and later texts merely introduce the concept of audit. While Jordan’s textbook (1969) is a notable exception, this speaks to the muddled understanding of auditing as applied to public school districts. Knezevich and Fowlkes (1960) write “Unfortunately there is much confusion in the usage of auditing terminology in school business affairs” (p. 147). In arguably the first academic treatment of school business

⁷ Of the four leading textbooks of the day, Engelhardt and Engelhardt's *Public School Business Administration* (1927) was the first to appear. Reeder described the text as “the most comprehensive of the four books, containing thirty-five chapters on the more important phases of the subject (1932, 127).

management, Roe (1961) prescribes the use of internal audit, external audit and “special examinations made by the state department of audit or finance” as means to provide adequate safeguards for public school property (p. 112-114). Previts and Brown attributed the diminished interest in municipal topics to the rapid growth of federal spending that began immediately before the Second World War, and continued through the Civil Rights Era and the Cold War years.

In agency theory, one explanation for why municipalities demand audit services is based on the “monitoring hypothesis,” whereby agents agree to be monitored when benefits exceed the monitoring costs (Wallace, 1988). Noting that the rhetoric advocating for governmental accounting reform in the mid-1970s was very similar to the rhetoric of the early 1900s, Zimmerman (1977) sought to develop a positive theory to explain why fund accounting was such a deeply entrenched governmental accounting practice (p. 108). Zimmerman undertook a theoretical comparison of the agency incentives for voters/stakeholders to bear a higher price for “complex” monitoring information in both public and private settings. His data included characteristics of financial statements. He concluded that reforms had not been adopted because voters do not see a benefit worth the cost of requiring a shift to the full accrual basis of accounting or consolidated statements.⁸ Further, Zimmerman suggested that reforms would not gain traction unless one of three events were to occur: 1) incentives for voters and officials changed; 2) there was a legal mandate to adopt the reforms, or 3) discovery of fraud or mismanagement (p. 134).

⁸ Both have since been required in the GASB 34 pronouncement and implemented during 2001-2002.

In the mid-1980s accounting research took a decidedly positivist turn, spawning a substantial literature on the factors that determine demand for audit services within the municipal audit market, often using school district data. Laws requiring municipal audits would seem to create an instant demand for audit services. By 1975, forty⁹ (40) US states had legal requirements that directly or indirectly required periodic audits of municipalities. Wallace (1988) conducted a descriptive analysis of accounting and auditing practices of municipalities in the ten (10) US states without a legal requirement to audit municipalities. She observed that municipalities in many of those states had engaged a CPA firm to conduct annual audits in the absence of any legal mandate. Wallace concluded that audit demand exists even when municipalities are not required to engage an external auditor.

Demand for quality in school district auditing. Two schools of thought support a rationale for regular audits of public school districts. One research stream advances the argument that there is economic value in auditing school districts. Using 1995-97 data, Saito and McIntosh (2010) used econometric methods to study whether auditing effort, measured as time spent on auditing, reduced nonproductive use of taxes for expenditures in Georgia school districts and whether complexity added to auditing procedures reduced the expected benefit. Because 90% of districts were audited by state auditors (p. 13), data on auditing time was available from the Georgia Department of Audits and Accounts. The relationship between

⁹ Schaefer (1957) reported that of responses to a questionnaire from chief school officers in 47 US states, two territories and one possession, 48 indicated “some form” of legal requirement. Therefore, no fewer than 45 states could have such requirements. Wallace (1988) conducted a telephone survey of “knowledgeable officials” and compared her results with survey results from KPMG and the federal Office of Revenue Sharing and concluded that 40 US states had legal requirements that directly or indirectly required periodic audits of municipalities.

auditing and efficiency was positive and significant at the 0.001 level. The authors also found that while auditing complexity increased auditing costs, particularly as the proportion of federal funds increased, there was still a significant net benefit regardless of district characteristics. The authors concluded that audits conducted by state auditors increased spending efficiency. This study was also noteworthy because the authors used both data envelopment analysis and stochastic frontier estimation with consistent results.

Aikins (2011) analyzed survey data collected from a sample of 176 chief local government auditors to test whether internal auditing practices were correlated to local government financial performance, defined as the average percentage change in net assets over a five year period (p. 316). The author reports that “more than 99% of the variation in the dependent variable representing financial performance is explained by ... population, per capita income, internal control effectiveness and financial performance monitoring” (p. 325). Despite the extraordinarily high r^2 for his models, which suggests model over-specification, the study contributes to the much needed case that auditing produces economic value in the school district market.

The second school of thought supporting a rationale for regular audits of public school districts is based on the notion that school districts suffer from poor financial management and must be compelled to comply with accounting and reporting standards. Inspired by the Roslyn case, Carslaw, Mason & Mills (2007) analyzed data from the Federal Audit Clearinghouse to investigate which district or audit characteristics might best signal to state-level audit officials which New York school districts warrant tighter audit scrutiny. Examining five years of Single Audit data (1998 – 2002), the authors found an alarmingly high incidence of qualified financial audit reports (32 – 41%) and audit lag (112 - 198 days). Between 9.7 and 15.6 percent of the

school districts in the sample were also “late filers” (p. 306). Based on their regression analysis, having the audit conducted by a government auditor, as opposed to a private firm, is positively associated with increased audit delay. Grant expenditures (i.e. district size), a history of qualified program or financial audits, reportable conditions or material non-compliance with respect to either the major program review or internal controls are significantly and positively associated with audit delay. These findings are not surprising. High-need districts receive a high proportion of available grant funding, and grant expenditures comprise a larger proportion of a high-need district’s spending. High-need districts may be less able or willing to make investments in staff and technology for a non-instructional purpose, or to hire the best auditing firms. As one might also expect, a school district with at least a three-year history of qualified audits is associated with increased lag time. The authors conclude that school districts need greater financial supervision and should be compelled to behave in ways that reduce audit problems (p. 314).

If audits are desirable, it would seem safe to assume that high quality audits are preferred to audits of lesser quality. Using OLS regression, Deis & Giroux, (1992) examined quality assessment reports written by Texas Education Agency auditors about audits of independent school districts (ISD) carried out by local and regional CPA firms. Chief among their conclusions is that audit quality was not consistent across or within audit firm size categories. The authors adopted DeAngelo’s (1981) definition of audit quality: the probability that an auditor will detect material errors in the client’s financial records and then report them.

Deis & Giroux also found that audit quality increases with the number of similar clients, although the reason could not be determined. In addition, the authors found that financially healthy school districts receive lower quality audits. On its face this finding seems unproblematic, even efficient, as investments in additional audit effort are less likely to produce

commensurate gains in economic or program efficiency in a financially healthy district than in a financially stressed district. However, low quality audits create opportunities for fraudulent behavior (Khalil & Lawarrée, 2006), possibly because fewer errors will be found, in turn resulting in less scrutiny by the board and the public; the malfeasance in Roslyn being a case in point (Huefner, 2010). Finally, the authors found that audit quality improves with more audit hours and timely audit reports/less audit delay.

In a follow-up study Giroux, Deis & Bryan (1995) concluded that audit firms provide higher quality audits when they are subject to peer review. It was inconclusive whether discounted pricing of initial audits (referred to as “low-balling”) resulted in audits of lower quality. Further study by Deis & Giroux (1996) using the Texas ISD data set supports prior research by Deis and Giroux (1992), O’Keefe, King & Gaver, (1994) and Giroux, Deis & Bryan (1995) in that audit quality is associated with industry expertise unique to the municipal market segment and audit hours.

In a highly relevant study for this project, Elder & Yebba (2014) drew on data provided by the New York State Office of the State Comptroller as well as data from the Single Audit Database to study the impact of the School Fiscal Accountability legislation of 2005 on audit quality. The final dataset was comprised of 7,763 observations of reportable conditions that occurred in New York school districts and municipalities between 1998 and 2012. T-tests compared the incidence of internal control exceptions in cities and school districts before and after reform implementation. The authors found that school districts experienced significantly more exceptions post-reform than municipalities. In addition, more low-risk school districts experienced exceptions and more non-standard (more detailed) audit reports post-reform. These

are strong indications that the reform has improved audit quality in New York State school districts.

Modlin (2014) analyzed feedback reports routinely issued by the North Carolina Department of State Treasurer Local Government Commission (LGC) after their review of county audits. These so-called “white letters” identify reporting errors and describe generalized reporting problems. Historically, the LGC issues about 700 white letters per year (Coe 2007). Modlin found that audit timeliness most strongly predicted the type of reporting problem (2012, p. 572). He also found that a competitive request for proposal (RFP) was correlated with multiple findings (2012, p. 571). While Elder & Yebba provide evidence that legislative accountability reforms improved audit quality for New York school districts, professionally-administered county governments in North Carolina continue to suffer from reporting issues and errors despite expansive state oversight of the audit process.

Research on audit-intensive reform strategies. The financial accountability reform package adopted by the New York State Legislature contained several measures designed to strengthen the reliability of auditing as an external control including: encouraging external auditor rotation by requiring periodic tendering of the external audit, requiring an internal audit function and audit committees, and requiring the Office of the State Comptroller to conduct audits of school districts. The Office of the State Comptroller calls these audit “performance audits.”

External auditor rotation. Despite the importance of industry experience for achieving audit quality, prior research strongly suggests that audit quality for governmental entities is negatively associated with audit tenure (Catanach & Walker, 1999; Jenkins & Vermeer, 2013). Several studies show that the risk of a substandard audit, a higher incidence of GAAP violations,

and audit failure increase with auditor tenure (Copley & Doucet, 1993; O'Keefe, King & Gaver, 1994). This may suggest either complacency (Shockley, 1982) or opportunistic behavior (DeAngelo, 1981) on the part of the auditor. At face value, these findings suggest that the governmental efforts to install regulations to mandate auditor rotation are warranted. The principle being that if goal alignment occurs between auditor and client, auditor independence will be undermined. However, in presenting a conceptual framework of the constructs to address the auditor rotation question, Catanach & Walker (1999) demonstrate that the relationship between audit tenure and audit quality is not a simple linear relationship and in doing so expose a weakness of these studies. Many variables comprise market structure, economic incentives and auditor performance constructs, and must be considered (1999: p. 48).

Professional accounting organizations argue that implementing mandatory auditor rotation would produce substantial and unnecessary monetary and non-monetary costs since market forces and professional standards enforced by peer review control auditor behavior (AICPA, 1992). Francis (2011) conducted a literature review of audit quality in which he contends that the audit failure rate in the U.S., as measured by litigation, is an exceedingly small 0.28%, and therefore finds it “difficult to imagine what can be done to change audit practice or the regulatory environment that would result in a significantly lower audit failure rate” (p. 347). Nonetheless, auditor independence is fundamentally important for audit quality and so the merits of mandatory rotation and less extreme policy options to encourage auditor rotation, such as audit tendering, continue to be hotly debated (Healey & Kim, 2003, p. 10).

Unfortunately, experience from countries requiring mandatory auditor rotation has not yet produced sufficient evidence to influence policy in the US, since economic turmoil continues in Italy, mandatory audit rotation is loosely enforced in Israel and has been abandoned in Spain

(Catanach & Walker, 1999). More recent research from Asia is only slightly more informative. Kim and Yi (2009) use regression analysis to study the effect of a regulatory policy in Korea under which the national regulatory agency may appoint auditors for Korean firms deemed to have strong incentives to manipulate their accounting statements or engage in suspect behavior such as opinion-shopping (p. 210). The authors found that the variable representing the rotation policy was both negatively correlated to the frequency of discretionary accruals and highly significant. The authors conclude that the policy produces higher quality audits. Firth, Rui and Wu (2012) exploit the existence of different regulatory regimes in China to examine the effects of mandatory auditor rotation in that country. The authors conclude that firms with mandatory audit partner rotations are associated with a significantly higher likelihood of a modified audit opinion than no-rotation firms. It is important to note that the effect is restricted to firms located in less developed regions. While these findings may be relevant for developing economies, they do not shed much light on the problem at hand.

Studies of mandatory auditor rotation in public organizations are rare. One exception is a study of the Illinois State universities in the context of a mandatory six-year auditor rotation. Simmons, Costigan & Lovata (2009) compiled audit results of the nine universities conducted between 1994 and 2005. There were twenty auditor changes during that time. The authors found that the number of audit findings and repeat audit findings decreased through the six years of the auditor cycle. Using *t* tests of matched pairs, the authors found that the number of audit findings and repeat audit findings increased in the first year with successor auditors.

Internal audit. In their report on the development of the internal audit function in local government, Friedberg & Lutrin (2001) lament that there had been little research to date on the internal audit function in the public sector (p. 328). What research had been done focused on

practice and was conducted by professional organizations such as the AICPA and the International City Management Association (ICMA). The authors studied the structure, functions and resources of internal audit operations in a sample of 258 local governments. The authors found that while organizational nomenclature and position varied greatly, internal audit operations were charged with three main functions: conducting or supporting traditional financial audits; conducting or supporting performance audits; and/or correcting errors and abuses (pp. 331, 340-341). The finding that internal auditors conduct performance audits is consistent with Dittenhofer (2001). Friedberg & Lutrín also found that resources allocated to internal audit by U.S. local governments were insufficient to carry out their missions effectively when compared to resources devoted to internal audit operations in Israeli municipalities, judged by the authors to be leaders in the internal audit field (p.340).

Between June and October of 2008, Aikens (2012) surveyed a sample of 178 audit department heads identified by the Association of Local Government Auditors to find why auditees adopt internal auditor recommendations. The author found that despite good working relations through the audit process, audit clients were not enthusiastic about adopting audit recommendations, only sometimes implementing action plans by agreed-upon deadlines (p. 210). The author concludes that audit clients value essentially the same attributes for internal audits as external audits. Curiously, the study did not include a variable of perceived audit quality (p. 216).

Audit committees. While the Securities and Exchange Commission first proposed audit committees for the corporate sector in 1940,¹⁰ audit committees became required for all publicly-

¹⁰ Accounting Circular No. 19.

traded corporations with the passage of the Sarbanes-Oxley Act of 2002 (SOX). While there have been recent calls to mandate SOX-like regulation for the public sector, audit committees remain optional for a substantial proportion of US local governments (Matkin, 2010). To help determine the prevalence of audit committees at the local level, West & Berman (2003) conducted a national survey of cities with populations over 65,000 (N=395). The authors found that 48% had formed an audit committee in spite of no apparent legal requirement to do so. The authors provided valuable descriptive data on committee constitution, structure, function and activities, as well as committee member characteristics.

Matkin (2010) conducted a telephone survey of finance directors in a sample of 195 general-purpose local governments to study the rationale for why local governments form audit committees. The author describes the study as “preliminary” and provides only descriptive data. However, the most frequent benefit reported by respondents from cities having an audit committee was “improved communication between elected and administrative officials (32.8%). Over a third of the respondents in cities having an audit committee reported no problems with their audit committee (36.2%). The most frequent problem reported was “difficult to obtain participation of members (10.3%). Nine cities had dissolved their audit committee for various reasons.

Fitzgerald and Giroux (2014) conducted a multivariate regression analysis on a sample of 199 US cities with populations of 100,000 or more to develop a model that explains voluntary audit committee formation in large municipal governments. Five key constructs were represented in the model: governmental size, form, financial disclosure practices as evidenced by receiving the GFOA Certificate of Achievement in Financial Reporting, audit characteristics and financial condition (pp. 69-70). Although their model had good explanatory power, disclosure practices

and audit characteristics were not significant in the model. Over 50% of municipalities without audit committees believed that they had adequate internal controls in place. The authors concluded that larger municipalities with more resources are more likely to have formed an audit committee.

Performance auditing. Describing an innovative system of operational audits that was implemented in Michigan in 1963, Dittenhofer (1971) framed the key functions and features of a performance audit. A performance audit was understood to be a prescriptive, output-oriented analysis of operations, conducted for internal as well as external management to determine if an organization's actual operations in any functional area are conducted according to established policy and procedure, and relates them to standards of performance using non-standard methods designed by the auditor for each audit (1971, pp. 192-194). Dittenhofer also explained that the audit scope could include the propriety of the policies and procedures in terms of social, economic and political goals (1971, p. 192). Believing the citizenry to be their ultimate client, activist auditors began to advance the performance audit as a lever to ensure effectiveness of public programs (Wheat, 1991). For example, Deck and Levy (1984) suggested that performance audits might improve the fiscal accountability of public school districts in the United States. In a meta-analysis that traces the government accounting discourse in the United States since 1980, Harris (2005) observed, "By 2000, the discourse was portraying performance auditing, not as an instrument of dramatic change, but as a tool with potential utility" (p. 172).

Because performance auditing can be confused with performance measurement and program evaluation, some contemporary authors claim that performance auditing lacks conceptual clarity (Kells & Hodge, 2010, p. 64). Pollitt and Summa (1999) use comparative analysis to provide a comprehensive description of the purpose and practice of performance

auditing in five European countries. They found that the scope of performance auditing varies considerably across jurisdictions, but that performance auditing is a unique process associated with public management reform. Ter Bogt, (2008) used interviews of Dutch public managers to conclude that a set of performance-oriented accounting changes implemented in the Netherlands, while judged to be failures, resulted in behavioral and cultural changes that were consistent with reform goals. Schelker and Eichenberger (2010) used econometrics to determine that *ex ante* reviews of budget proposals by performance auditors will reduce tax rates and expenditures, especially in larger municipalities.

Segal, (2002, 2004) used the methods of investigative journalism and law enforcement to study corruption in large urban school systems in the United States. She argued that the similar patterns of corruption that she found in urban school systems with varying characteristics were better explained by organizational structure theories than theories of culture. Segal advocated for a rigorous audit program of performance and compliance auditing as essential for reducing corruption (p.175). As used by the Office of the New York State Comptroller (2004), performance audits are “objective and systematic examinations of evidence for the purpose of providing an independent assessment of the performance of an organization to improve public accountability and decision-making.”¹¹

Research on auditees. A number of perceptual studies contribute to the audit demand literature. The most-studied constructs are auditee satisfaction and perceived audit quality. Lowensohn, Johnson & Elder (2005) surveyed 286 finance directors in the Florida local governments to test the effect of audit firm specialization on perceived audit quality and auditee

¹¹ <http://www.osc.state.ny.us/localgov/audits/index.htm>

satisfaction. Their analysis utilized ordinal regression. The authors found that their specialization variable measured as governmental revenue audited (total dollars) is associated with perceived audit quality as is their specialization variable measured as total number of governmental entities audited (audit experience) in the Florida government market. The authors concluded that auditor specialization is associated with perceived audit quality. Independent variables used in previous studies such as auditor tenure, planning, manager time and fieldwork are significant in all of their quality and satisfaction models. While auditor independence and the auditor's contributions to the management letter are related to perceived audit quality, they are not associated with auditee satisfaction. These findings support earlier research that perceived audit quality and auditee satisfaction are distinct concepts (Behn, Carcello, Hermanson & Hermanson, 1997).

Samelson, Lowensohn & Johnson (2006) conducted a survey of municipal finance directors to investigate whether their understandings of audit quality were similar to those of the private sector, which had been established in prior research. The authors used ordinal and OLS regression analysis to develop a model of perceived audit quality that explains more than half of the variance ($r = .564$). The finance directors' perceptions of audit quality produced very high correlations for variables indicating auditor competence (Expertise, 1.762; Conduct of Fieldwork, 1.765; Skepticism, 1.0; Due Professional Care, .947). Equally clear is that the variable B5 (Big 5) was negatively associated with quality ($-.824$) in spite of charging higher audit fees.

Lowensohn, Johnson, Elder & Davies (2007) used regression analysis to examine the effect of audit firm specialization on the perception of audit quality held by the government finance officers that responded to the survey. Refining variables used in earlier studies, the authors found that their composite variable representing audit firm specialization was associated

with several measures of audit quality and perceived audit satisfaction. This study is particularly important because it demonstrated that audit firm specialization (experience in the market) was more important than audit firm size, a variable typically describes the Big 8/6/5/4 firms, for producing audit satisfaction.

Modlin and Stewart (2014) examined whether involvement of local government staff in the external audit process produces higher levels of auditee satisfaction in county governments with commission-manager or council manager forms of government. As in earlier studies, the authors used ordinal regression analysis. The authors also employed variables used in prior studies such as audit fees, audit effort, and auditor tenure, including how the auditor was selected. Perceptual variables measured the finance officer's satisfaction with the auditor's accounting, legal and technical expertise, as well as overall audit satisfaction. Variables not seen previously measured involvement of the finance director and finance staff. While the model using all variables was statistically significant (28.05, $p \leq .005$), the Pseudo- R^2 (0.1492) indicates that the model leaves a substantial amount of the variation unexplained.

By their nature, audits create informational demands for local government and school district financial managers who, like their private sector counterparts, may accrue penalties to their reputations and possibly their earnings for poor audit outcomes. For example, Desai, Hogan and Wilkins (2006) investigated whether there was a reputational penalty for executives held responsible for violations of Generally Accepted Accounting Principles (GAAP) in their company's financial statements. The authors found that GAAP violations often results in executive turnover and that managers suffer significant penalties when dismissed from firms after GAAP violations. These reputational penalties include a loss of wealth and a re-hire rate about half of re-hires from the control group even after controlling for firm performance and

other factors. No research was found that focuses on reputational penalties that accrue to public sector financial managers.

One dissertation has specifically explored school business officials' perceptions of the effectiveness of the New York School Fiscal Accountability legislation of 2005. Using a qualitative research design, Wilner (2008) conducted structured interviews with five school business officials working in Long Island school districts, asking their thoughts about the strengths and weaknesses of the reform elements, and their suggestions for improving the fiscal accountability of public school districts. Based on the responses, Wilner concluded that the reform elements changed accountability structures, increased monitoring costs and improved accountability, transparency and oversight (Wilner, 2008, Abstract, unnumbered page).

Sampling school business officials in Long Island school districts was both a strength and a weakness of the research. School business officials from that region had a unique and valuable perspective. Though perhaps because the school district financial management scandal was centered in Long Island school districts, the author found only five school business officials willing to participate in the study. This may have been because of the newness of the reform and/or the politically-sensitive nature of any potential statement made about it. Obviously, the reform impacted school districts across the state. The author herself recommended that similar studies be replicated in other parts of the state (p. 208). Wilner's study, while limited, is the only research found that attempted to directly address the impact of the 2005 New York State reform program from the perspective of auditees.

Organizational Commitment and Related Constructs

Commitment theories emphasizing contracts. The relationship between the employee and the organization was of keen interest to "classic" administrative theorists. Chester Barnard's

theorizing emphasized the importance of alignment between individual and organizational goals (Wolf, 1994). While he believed that organizational effectiveness depended on the cooperative effort of employees, he also believed that an individual's decision to join and his continued participation with an organization depends on the employee receiving adequate rewards. When the inducements received or contributions made fall outside a "zone of indifference," an individual is more likely to leave the organization (Barnard, 1938). Similarly, March and Simon's (1958) inducements-contributions model recognized that in order for an employee to continue with an organization, the benefit to the employee must be greater than his costs to continue. Both theorists tapped into the need for reciprocal exchange in order to limit employee turnover (Mayer & Schoorman, 1998, p. 17).

Howard Becker (1960) framed the relationship between individual and organization as a contractual exchange. Much more than a simple "fair day's work for a fair day's pay," Becker contended that an employee made hidden investments over time that collectively make it more costly for a person to leave his or her organization than to stay. For Becker, commitment comes into being when a person links their personal interests outside of work to the employing organization. Such an investment might be the sacrifice of time, effort or money in order to attain a comfortable retirement, promotion within the organization, or status in the community. If a person were to leave the organization prematurely, they would also lose their investments, or side bets. Awareness of the costs of leaving commits a person to the organization and motivates them to be productive; productivity being a condition of staying.

The first to empirically test side bet theory, Ritzer & Trice (1969) conducted a national survey of male personnel managers. A 66.2% response rate was achieved from the 623 questionnaires sent. The authors hypothesized that there would be a direct relationship between

age, education, marriage, number of children, salary, tenure, and having a sponsor (mentor) to the manager's commitment score to either his organization or occupation. The authors did find that salary was an exception, and concluding that salary was "one of the better indicators of organizational commitment" (p. 477). However, because most of the correlations the authors reported were not statistically significant, Ritzer & Trice recommended rejecting side-bet theory. They theorized that side-bets only strengthen organizational commitment once the commitment is made. The authors also found that organizational commitment and occupational commitment were highly inter-correlated.

Cohen & Lowenberg, 1990 conducted a meta-analysis to test Becker's side-bet theory. Their study was motivated by a frustration that studies conducted over the previous three decades shed little light on the validity of the theory (p. 1018). Fifty studies were included as data and the analysis utilized statistical methods. The authors found no statistically meaningful relationship between any of the eleven traditional side-bet variables and organizational commitment, and reported that their findings do not support Becker's Side-Bet Theory. Importantly, their findings did not support the commonly-held belief that age and tenure were the best indicators of side-bets (p. 1028).

Wallace (1997) pointed out three problems with the side-bet research published to that point in time and offered suggestions for improvement. Wallace observed that earlier studies relied on indirect measures, and suggested that directly measurable firm-related characteristics, such as hours worked, capture actual side bets better than age and tenure alone. Wallace observed that there also was conceptual confusion. Specifically, that earlier research attempted to measure affective commitment as opposed to continuance commitment. Wallace contended that side bet theory suffered from foci distortion, in that side-bet theory confused attachments to the

organization with attachments to the occupation (p. 728). Wallace used a regression-based elaboration model, adding direct measures representing side-bets to the traditional proxies. The model, based on responses from 593 lawyers employed by a law firm, showed the direct measures added by Wallace to be statistically significant and to explain more variance. However, the R^2 for the improved models was still fairly low (< 0.19).

Commitment theories emphasizing attitudes. Mowday, Steers, and Porter (1979) recognized that commitment is comprised of attitudinal components as well as behavioral ones. They defined organizational commitment as the strength of an individual's identification with and involvement in a particular organization. Organizational commitment implies that a person: believes in the organization's goals and core values (identification), is willing to exert effort beyond the minimum required on behalf of the organization (involvement), and has a strong intent or desire to remain with the organization (loyalty). Although these attachments might reflect views about the fairness of the rewards (particularly compensation), emotional attachments are largely based on non-economic considerations. Angle and Perry (1981) provided empirical evidence of a negative relationship between organizational commitment and voluntary turnover.

O'Reilly and Chatman (1986) defined organizational commitment as a psychological attachment felt by the individual for an organization that reflects the degree to which the individual internalizes the values of the organization. For O'Reilly and Chatman psychological attachment to an organization results from three commitment processes: compliance, identification, and internalization. It is important to note that while compliance, identification, and internalization could occur in stages, it was not a single continuum. Rather they were three independent processes developing in each person. Compliance occurs when the attitudes and

beliefs embodied in an organization are adopted by an individual to gain rewards. Identification occurs when an individual respects the beliefs and values of the organization without necessarily adopting them as their own. Internalization occurred when the attitudes and beliefs of an organization are accepted by the individual as her own. O'Reilly and Chatman ultimately combined identification and internalization, thereby revising their model on two dimensions called "compliance" and "normative."

Similar to Mowday, Steers, and Porter, Meyer and Allen (1991) conceptualized organizational commitment as a psychological construct intended to represent an employee's identification, expressed through attitudes, and involvement, expressed through behaviors. Drawing on three distinct theoretical foundations, Allen and Meyer (1990) constructed their organizational commitment construct into continuance, affective, and normative dimensions. This is known as the Three Component Model (TCM) of organizational commitment. Becker's side-bet theory is the theoretical foundation for their continuance commitment (CC) dimension. The psychological attachments of Mowday, Porter and Steers are the basis for the affective commitment dimension of the model. Weiner (1982) conceptualized commitment as a sense of moral obligation to act in the best interest of the organization, irrespective of personal benefit (p. 421). A committed person is likely to behave in a manner that benefits the organization because they would believe that such a course of action is the morally right thing to do.

Citing deficiencies with earlier definitions of the organizational commitment construct compounded by inappropriate measures, Meyer and Allen published a more complete model of the TCM in 1991 (Meyer & Allen, 1991). Based on a factor analysis, the authors tested three eight-item scales: the Affective Commitment Scale (ACS); the Continuance Commitment Scale (CCS); and the Normative Commitment Scale (NCS). The ACS had correlated (.80) with an

existing scale to measure organizational commitment, known as the Organizational Commitment Questionnaire (OCQ). Favorable correlations were reported and supported by subsequent researchers. Allen and Meyer evaluated the construct validity of the TCM in 1996 and concluded that the findings both supported the model and the measures (Allen & Meyer, 1996).

A research stream continues to investigate how employees value their side-bets. Rusbult & Farrell (1983) sought to test an “investment model” with a longitudinal study of turnover in a sample of 88 moderately professionalized technical workers (accountants and nurses). Participants completed questionnaires at three month intervals over the course of a year. The questionnaire items were designed to uncover the differential values of the side bets people make in terms of rewards, costs, alternatives, and investments. ANOVA testing of responses between leavers and stayers revealed were as one might expect: Leavers sense lower rewards, higher costs, and better alternatives. They also believe they have fewer investments to lose. The author’s multiple regression model was quite strong in predicting turnover when the decline in commitment measure was added (adjusted $R^2 = .70$). By demonstrating that commitment effectively constrains a person’s turnover behavior, this research provided strong evidence of a theoretical link between organizational commitment and employee turnover.

Van Dam (2005) elaborated on Rusbult & Farrell’s model of investments in the context of involuntary intra-organizational job changes. She surveyed 953 Dutch hospital workers to assess attitudes toward job change generally. The author modified existing scales measuring job value, satisfaction, alternatives, investments and commitment in order to capture unique dimensions of the Dutch public sector (p. 259). In addition, Dutch versions of the affective and continuance commitment scales were used to measure commitment (p. 259). A key finding was that important elements of the investment model proposed by Rusbult and Farrell (rewards,

costs, alternatives, and investments) predicted affective and continuance commitment. However, the author found that the impact of alternatives and investments was over-shadowed by other variables. The author attributed that to possible measurement error (p.266).

Criticisms of side-bet theory and the three component model. Side-bet theory has been criticized from its inception as being a limited view of organizational commitment due to its apparent emphasis on behavior-shaping structures over psychological attitudes (Shore, Tetrick, Shore & Barksdale, 2000). In spite of the criticism, research has shown that side-bet thinking is apparent in commitment theories emphasizing attitudes, particularly Meyer and Allen's Three-Component Model (TCM).

Principal components analysis conducted by McGee and Ford (1987) revealed that the CCS could be disaggregated into two sub-scales reflecting two distinctive risks of leaving: high personal sacrifice and few alternatives. Exploratory factor analyses on a sample of 182 workers by Tiang, Granger, Groff, Jackson and Johnson (2011) strongly supported the construct validity of the high personal sacrifice and few alternatives sub-constructs while Vandenburghe and Panaccio (2015) explored their psychological bases. The authors report on two surveys of salaried employees, one conducted a year after the other. The authors yielded 403 responses for the first survey at Time 1 using a snowball sampling approach. Only 217 of the original participants submitted the follow-up questionnaire at Time 2. A multiple regression revealed that those employees who perceived few alternative also had strong feelings of entrapment. The authors also argued that sacrifice is based on valued ties with the organization such as employees' perception of having valuable advantages at their organization (side-bets). Employees scoring high on the high sacrifice scale would feel resourceful, empowered and attached. Previously, Powell & Meyer (2004) surveyed community college graduates to test

whether the two sub-scales to measure continuance commitment were related to any of the side-bet factors. The authors found that all of the side-bet factors correlated significantly with a sub-scale reflecting high sacrifice continuance commitment and turnover-intention.

Scholars continue to debate whether the affective dimension and normative dimension of the model are the same. Cohen (1993) argued for a two dimensional model of commitment: one called the instrumental (economic) dimension and the other called the affective (psychological) dimension. The findings of a meta-analysis conducted by Meyer, Herscovitch & Topolnysky (2002) were generally supportive of the TCM but argued that confirmatory factor analysis did not resolve a long-standing concern about the overlap of the ACS and NCS, lending ammunition to scholars who advocate for abandoning the NCS. Culpepper (2011) tested the ability of the TCM to predict turnover over time. He found that continuance commitment predicts turnover in the long run and affective commitment predicts short term turnover, but that normative commitment has little predictive power.

One of the key assumptions in the TCM is that commitment attachments are formed post-entry into the organization. Cohen (1993) argued that normative commitment is actually a propensity – a belief formed prior to entry. A definition of public service motivation (PSM) was proposed by Perry and Wise (1990, 368) as “an individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations.” Perry (1996) operationalized the definition as having four unique dimensions. In their study, Wright, Christensen and Pandey (2013) tested a five-item global measure of PSM using data sets compiled from five studies conducted in 2005 through 2010 as part of the National Administrative Studies Project. The authors found that their global measure of PSM produced essentially equivalent results as the common multi-dimensional measures for PSM, as well being

highly correlated to other commonly used attitudinal measures such as job satisfaction. While research on the PSM construct continues, the authors assert that this research stream has “yet to produce clear and consistent evidence for a single definitive set of dimensions or measurement items (p. 198). Moynahan and Pandey (2007) tested whether organizational experience shapes PSM. Models that included variables suggesting post-entry formation produced R^2 ranging between .15 and .22, indicating that “organization is an important venue for shaping PSM” (p. 46).

Related psychological constructs. Like organizational commitment, job autonomy is highly correlated to workplace behaviors such as absenteeism and turnover such that the importance of job autonomy is now widely recognized (Breugh, 1999). Researchers have used statistical, experimental, and meta-analytic methods to develop reliable and valid scales to measure discrete facets of autonomy: (see Breugh & Becker, 1987; Breugh, 1999). Those facets of autonomy are commonly identified as method, scheduling and criteria autonomy (Breugh, 1985). Method autonomy refers to a person’s freedom to decide how to do their work; scheduling autonomy refers to a person’s freedom to decide when to do their work; and criteria autonomy refers to a person’s freedom to decide how well to do their work.

Cohen (1992) had studied organizational commitment across occupational groups. He found that relationship of autonomy with organizational commitment was significantly stronger for white collar occupations ($r = 0.46$) than for blue collar occupations ($r = 0.02$), suggesting that job autonomy is important for the organizational commitment of more educated, higher-paid government workers.

In their study of auditors employed by public accounting firms, Kalbers and Cenker (2008) limited the autonomy variable to represent the prerogative of auditors to exercise their

professional judgement (p. 330). Kalbers and Cenker received 334 usable responses from a sample of 442 auditors from regional and national firms. The authors tested whether exercised responsibility, autonomy, role ambiguity, and experience affected job performance. Their results included findings that autonomy was positively related to job performance and negatively related to role ambiguity (p. 341).

Somech and Oplatka, (2009) used structural equation modeling to determine that job autonomy is an antecedent to variables predicting organizational citizenship behaviors (OCBs). Job autonomy has also been studied as a dependent variable. Pearson (1998) used multiple regression analysis to predict teacher autonomy from two work-related variables: perceived paperwork load and job satisfaction, as well as attitudinal and demographic variables. The model produced a correlation coefficient of .49 which accounted for 24% of the variance. Skaalvik and Skaalvik (2009) used structured equation modeling to discover that autonomy mediated the relationship between supervisory support and job satisfaction. The strongest correlations among variables were between supervisory support and autonomy (.41).

In their study of school principals, Chang, Leach & Anderman (2015) used a variable they called “perceived autonomy support” to represent the degree of decision-making latitude perceived by the school principals. The authors constructed their instrument from the Work Climate Questionnaire (Baard, Deci & Ryan, 2004), which in turn was adapted from the Health Care Climate Questionnaire and the Learning Climate Questionnaire. The authors collected 1,501 responses from K-12 school principals in seventeen U.S. states. Hierarchical regression analysis was used to test whether the principals’ perception of autonomy was related to their affective commitment ($\beta = .55$) and demonstrate the predictive power of principals’ affective commitment ($R^2 = .38$).

The perceived supervisor support (PSS) variable is relatively newer and less studied than the autonomy or commitment constructs. Authors writing in the 1970s and early 1980s recognized that an employee's sense of commitment is affected by the exchanges that they experience in the daily work environment and attributed this connection to a perceived organizational support (POS) construct. Kottke and Sharafinski (1988) believed that perceived supervisory support was one of several factors that comprised the more global measure of perceived organizational support. They modified the scale designed to measure the POS construct to measure PSS and in validating the scale found that there was little overlap (correlation of .13) between the two scales. This suggests that PSS is not the same as POS. Rhodes and Eisenberger (2002) concluded that PSS predicts POS although not all agree. Yoon and Thye (2002) determined that PSS is both an antecedent *and* outcome of POS. As with autonomy and organizational commitment, researchers have recently related the PSS and POS variables to workplace behaviors such as absenteeism and retention (Dawley, Andrews & Buchlew, 2008; Eisenberger, Stinglhamber, Vandenberghe, Sucharski & Rhoades, 2002; Maertz, Griffith, Campbell & Allen, 2007).

The antecedent relationships between job autonomy and organizational commitment and perceived supervisory support and organizational commitment are well-established and theorists have incorporated the three variables into larger models. As an example, Brimeyer, Perrucci and Wadsworth (2010) theorize that a worker's commitment to an organization is based on "resources for control" that provide a sense of predictability and control over day-to-day workplace activities (p. 517).

Organizational commitment in the public sector. Buchanan (1974) is often positioned as the genesis of organizational commitment research specific to the public sector. For his study of why middle managers in the private sector seem to develop stronger attachments to their organizations than middle managers in the public sector do, Buchanan created a composite construct of organizational commitment based on identification, involvement and loyalty. He surveyed 275 managers in large federal government agencies and Fortune 500 companies. His regression analysis found that seven work experiences accounted for 68 percent of the variance in the model ($R^2 = .68$). T-tests showed that government managers consistently scored lower on each of the seven experiences shown to be relevant to commitment. Buchanan suggested that the difference in organizational commitment between the two groups was rooted in structural features of public and private organizations (p. 346).

Balfour and Wechsler (1990) specifically tested whether publicness affected dimensions of organizational commitment. Using the O'Reilly and Chatman measures for commitment, the authors found that for a sample of 342 operational, supervisory and mid-management level staff of two public agencies and a privately-owned bank, public sector employees did not have strong feelings of affiliation, but did have a strong sense of public sector values. These findings contradicted previous research.

Steinhaus and Perry (1996), applied items from the job autonomy scale developed by Breugh (1985) and the organizational commitment scale developed by Meyer and Allen (1991) to a national sample from the 1991 General Social Survey¹² (N=1517). They found that regression models that included sector as an independent variable did not explain the variance

¹²The GSS had asked a series of employment-specific questions in addition to the typical questions.

any better than models that did not include sector as an independent variable. The authors concluded that organizational commitment of managers in either sectors was not significantly different (p. 287).

Balfour and Wechsler (1996) sought to develop a model of organizational commitment anchored in the work experiences of public employees (p. 256). The authors engaged in cognitive mapping prior to surveying a random sample of 828 employees in twelve state government agencies. A model was developed using LISREL. The model explained 82.8 percent of the variance in the six dependent organization commitment variables. Most of the hypothesized casual paths were significant with signs in the expected direction. Importantly, none of the hypothesized paths from individual characteristics were significant. This is strong evidence that individual characteristics are not antecedents of organizational commitment as previously thought. The authors concluded that commitment is influenced by “experiences at work, the impact of organizational arrangements, and characteristics of the job itself” (p. 271).

Moon (2000) used the National Administration Studies Project (NASP) dataset to examine relationships of several individual level variables (intrinsic and extrinsic motivation, job autonomy, goal clarity, managerial level and individual characteristics) and an organization level variable (sector) with organizational commitment. The sample was drawn from top and middle managers working in public and private organizations in the upstate New York area, although there was no particular organizational or policy context. Moon’s multiple regression model for the public sector had a lower R^2 than the private and combined models, but still a high R^2 value ($R^2 = .41$). Moon found intrinsic motivation and job autonomy were particularly important for public sector managers. He also found a stark difference between upper and middle managers in

the private sector but virtually no difference between upper and middle managers in the public sector.

While some work has been done to assess the impact of administrative reforms on employee attitudes, the research to date only begins to provide what is needed to understand the workings and effects of administrative reforms on public sector managers. Christensen and Laegreid (1999) surveyed 2,500 Norwegian civil servants to examine the impact of New Public Management (NPM) reforms on their lived experience. A key finding was that reforms to management practice were seen by the civil servants as having the most impact on their work experience.

Yang and Pandey (2009) studied the effect of perceived political support on normative commitment in a sample of 274 information technology managers in state-level human service agencies in the context of results-oriented reforms. The structural equation model developed by the authors supported a negative association ($-.42, p < .001$) between bureaucratic structure and normative organizational commitment of the managers. Importantly, the authors included an administrative reform (Managing for Results) as a variable. The statistics suggested that the reform improved goal clarity ($.34, p < .001$) by reducing bureaucratic structure and improving communication, ultimately improving normative organizational commitment ($.23, p < .01$).

Stazyk, Pandey and Wright (2011) tested a model of the effect of institutional context on the affective dimension of organizational commitment. Managerial and professional employees in seven public sector organizations located in the northeastern U.S. were surveyed. The authors received 206 responses. Based on the resulting structural equation model, the authors found that a unique public sector institutional feature, external control, produces red tape ($.47, p < .05$). External control also produces goal ambiguity ($.32, p < .05$) which in turn produces role

ambiguity (.67, $p < .05$), ultimately reducing affective organizational commitment (-.63, $p < .05$). While the authors consider their model to be preliminary, they argue that their findings suggest that the often vigorous external control exerted on public organizations is transmitted to individual employees, ultimately diminishing their affective organizational commitment (p. 16).

The goal of reform is often to create more accountable governmental institutions (O'Toole, 1984). However, reforms often produce "red tape," rules seemingly without purpose, which can lead to unintended consequences such as higher transaction costs and stress for public employees (Dunn & Legge, 2000).

Summary of the Literature

The goal of this research is to better understand the perspective of financial managers working in a specific public sector context toward a set of external controls. Because the emphasis of the reform of interest is to strengthen the state's control of school district finances through various forms of auditing, this review began with the accounting literature pertaining to the auditing of public school districts and municipalities. The summary of the accounting literature is followed by a summary of literature pertaining to organizational commitment in the public sector. In addition to providing useful historical background, the more recent accounting literature highlights interesting conflicts inherent in principle-agent theory as well as reveals the competing interests of professions engaged in the public education sector. While the organizational commitment literature is much more developed in terms of theory and instrumentation, research on the organizational commitment of public sector employees does not sufficiently account for the controlled environment that public employees labor in. Together this literature base provides a starting point for pursuing this problem.

Summary of the accounting literature. The accounting literature pertaining to auditing public school districts developed in a logical fashion. Themes in the early literature were primarily to address technical auditing problems of the day, or to advocate that auditing practices be implemented more broadly in municipalities. Zimmerman's 1977 study of incentives to continue fund accounting practices using an agency framework and DiAngelo's (1981) definition of audit quality are important conceptual pieces. As the literature started to become more positivist, researchers began taking inventories of auditing practices and identifying variables. Researchers used these variables to explore the relationships governing demand within the municipal audit market. Some of these studies, such as that of Deis and Giroux, used school district data to study factors that drive audit quality. As audits of school districts across the United States have continued to reveal financial control issues, recent research has begun to focus on mechanisms that can be used to identify school districts with poor financial controls before a crisis occurs.

The following table summarizes the major accounting studies reviewed that are specific to auditing of school districts.

Table 1: Summary of Positive Research on School District Auditing

Author	Focus	Method	Sample	Variables	Findings
Deis & Giroux, 1992	Do audit firms deliver audits of consistent quality?	OLS Regression	Audit quality assessment reports from Texas Education Agency	Errors made by the auditors	Audit quality was not consistent across or within firm size categories. Wealthier districts received lower quality audits.
Deis & Giroux, 1996	What is the relationship between auditor fees, hours and quality?	Multiple Regression	Audit and school data from Texas Education Agency		Audit quality on initial audits is associated with industry expertise and audit hours (time spent) but declines with tenure
Carslaw, Mason & Mills, 2007	Which district or audit characteristics suggest closer oversight?	Multiple Regression	1998-2002 NY school district Single Audit data	Qualified audit reports, Audit lag (delay), Late filing	School districts have a high level of reporting issues. Gov't auditors, district size, history of qualified audits are associated with audit delay
Saito & McIntosh, 2010	Whether auditing reduces nonproductive use of taxes for school district expenditures	data envelopment analysis and stochastic frontier estimation	1995-97 data from Georgia Department of Audits and Accounts	auditing effort, measured as time spent on auditing	Strong relationship between auditing and resource efficiency. Audit complexity increased auditing costs, but still a significant net benefit
Elder & Yebba, 2014	Comparison of int. control exceptions found in cities/school districts before and after reform	T-tests	NY school district Single Audit data and data from NYS Comptroller	Internal control exceptions	More exceptions after reform, therefore reform improved audit quality

The accounting research provides less guidance with respect to the application of four key reform initiatives: encouraging external auditor rotation through tendering, internal audit,

audit committees, and performance auditing as they are applied to school districts. The table below summarizes the major studies reviewed that are specific to state and/or local government.

Table 2: Summary of Research on External Auditor Rotation or Tendering,
Internal Audit, Audit Committees and Performance Auditing

Author	Focus	Method	Sample	Variables	Findings
Simmons, Costigan & Lovata, 2009	External auditor rotation	Match-pair T-tests	Illinois State universities	Audit findings during a mandatory auditor rotation program	Number of findings increased during the first year of the six-year cycle and decreased over the full six years
Modlin, 2012	Factors influencing audit findings External auditor rotation	Survey, Logistic regression	N. Carolina county gov'ts	Reporting errors noted in audit quality assessments	A competitive RFP was correlated with multiple audit findings
Friedberg & Lutrin, 2001	Structure, function and resources of internal audit operations		258 US local governments	Uncorrected reporting errors	Resources allocated to internal auditing in the US is insufficient
Aikens, 2012	Adoption of internal auditor recommendations	Survey	178 heads of municipal audit departments		Audit clients are slow to implement auditor recommendations
Fitzgerald & Giroux, 2014	Voluntary audit committee formation	Multi-variate regression analysis	Large (100,000+ pop.) US cities	Presence of an audit committee	Larger, more financially viable cities are more likely to have audit committees
Schelker & Eichenbrger, 2010	Application of performance auditing to budget reviews and impact of such auditors on fiscal policy at the Swiss local level	OLS Regression	Largest Swiss municipalities	Tax rates	Performance auditing reduces tax rates and expenditures, especially in larger municipalities

Finally, auditees are considered in some accounting studies. However, these studies explore the auditees' perceived audit quality or their satisfaction with the audit. The accounting research does not address organizational commitment of auditees.

Summary of the organizational commitment literature. Attracting and retaining skilled labor during a period of rapid growth was a problem for American industries, particularly in the post-war years. Theorists of the time reasoned that the relationship between employee and organization was essentially a problem of inducements and reciprocal exchange. Theorists developed theories that framed organizational commitment as a contract. Becker's Side-bet theory, published in 1960, remains the most prominent of these theories. Later theorists recognized that commitment included attitudinal components. The most important attitudinal model to be developed is Meyer and Allen's Three-Component Model. While both Side-bet theory and the Three-component model have been criticized, neither has been debunked. The following table summarizes the major studies related to organizational commitment in the public sector.

Table 3: Summary of Public Sector Organizational Commitment Research

Author	Focus	Method	Sample	Variables	Findings
Buchanan, 1974	Why middle managers in the private sector develop stronger attachments than managers in the public sector.	Regression analysis of survey data	275 managers in federal government agencies and Fortune 500 companies.	Demographic and organizational characteristics and work experiences	Difference is rooted in structural features.
Steinhaus & Perry, 1996	Does "sector" explain commitment differences between public and private employees	Regression analysis of survey data	National sample from 1991 GSS	From established job autonomy and organizational commitment scales	No significant difference between public and private employees.

Balfour & Wechsler, 1996	Develop model of organizational commitment	Cognitive mapping, survey, LISREL	828 state government employees	Sector, work experiences	Individual characteristics not significant.
Moon, 2000	Examine relationships between individual-level and organizational-level variables	Multiple regression	NASP dataset	Motivation, job autonomy, goal clarity and sector	Intrinsic motivation and job autonomy is important for public sector managers
Yamg & Pandey, 2009	Perceived political support in context of results-oriented reforms	Structural Equation Model	274 IT managers in state-level human service agencies	Normative commitment, Managing for Results	Negative association between bureaucratic structure and normative commitment.
Stazyk, Pandey & Wright, 2011	Tests a model of affective organizational commitment that captures institutional context	Structural Equation Model	206 public sector managers and professionals working in northeastern US	Bureaucratic red tape, goal ambiguity, role ambiguity, centralization, affective commitment	External control produces red tape, goal and role ambiguity, leading to reduced affective commitment.

While both the accounting and organizational commitment literatures both provide a helpful foundation for this project, gaps exist in both literatures. Accounting research on the positive and negative effects of various audit-intensive reform strategies as applied in the public sector is scarce. Conceptual work on performance auditing in the U.S. is especially important given increased interest shown by U.S. state governments in using performance auditing as a means to control distant agents. Additional studies to explore the perceptions of auditees relative to audit satisfaction and quality are also useful, especially considering that DiAngelo's definition of audit quality demands that auditors report an increasing number of findings that are likely to have less and less import as time progresses. Controversies continue in the organizational commitment literature over the relative importance of continuance (investments), and the overlap

of affective and normative commitment. As applied to the public sector, scholars are only beginning to focus on the unique effects of external controls on public managers.

Chapter 3 – Methodology

Research Design

The aim of this exploratory, multi-subject qualitative study is to gain insight about how auditees in public organizations experience and think about external controls that feature an extensive regimen of auditing. The individual participant is the unit of analysis. The central research question to be explored is “how do select public school district business leaders perceive the effects of a recent financial reform program on the psychological attachments that bind them to their organizations?” The following sub-questions serve to guide the exploration of different aspects of the central research question.

3. How do these leaders describe and explain the effects of the reform on their work environment, activities and relations?
4. How do these leaders describe and explain the effects of the reform on their professional identities, motivations and commitments?

Strauss and Corbin (1998) defined qualitative research as any kind of research producing findings not arrived at by means of statistical procedures or other means of quantification (p.17). In addition, the authors indicated that the analysis used in this type of research will involve a nonmathematical analytic procedure that results in findings derived from data gathered by a variety of means (p. 18).

Grounded theory refers to theory that is developed inductively from a corpus of data (Glaser and Strauss, 1967). Glaser and Strauss, are thought to have a positivist orientation, particularly Glaser (Charmaz, 2003). The general approach taken in this project for this project is consistent with an “evolved” grounded theory positioned more closely to the constructivist

grounded theory of Charmaz (2006) than to the positivist orientation of Glaser (1992) or even Strauss and Corbin (1994).

According to Mills, Bonner & Francis (2006), grounded theory positioned in this manner allows for points of departure along a methodological spiral depending on the researcher's ontological beliefs (p. 2). While constructivism denies the existence of an objective reality, evolved grounded theory accepts that many social constructions will be shared (Guba & Lincoln, 1989, p. 43). Constructivism also relies primarily on inductive data collection. Because perceptions are endogenous to each person, shaping and limiting their actions, important issues will emerge from the stories told by the participants. However, evolved grounded theory allows engagement with the literature and so recognizes that researchers will have pre-existing ideas. Strauss & Corbin (1998) encouraged engaging with the literature from the beginning of the research process (p. 45). Finally, constructivism emphasizes the co-construction of meaning that results from the researcher's interpretive interaction with the participant and data. Strauss and Corbin (1998) recognized that the researcher must have the capacity to "separate what is pertinent from what isn't" (p. 44). Creswell (2005) states that a grounded theory design is appropriate when the research intent is to modify a theory (p. 411).

The method for the analysis is based on the constant comparative method pioneered by Glaser and Strauss (1967) using the "purposeful" approach described by Boeije (2002, p. 392). Boeije argues that the constant comparative method is not limited to studies of individuals and dyads within the confines of psychological research, and can be applied to a variety of qualitative methods. O'Connor et al. (2008) stated:

It must be clear that constant comparison, the data analysis method, does not in and of itself constitute a grounded theory design.

Nor does the process of constant comparison ensure the grounding of data whether “grounding” is used in a positivistic or interpretive sense.

Simply put, constant comparison assures that all data are systematically compared to all other data in the data set. This assures that all data produced will be analyzed rather than potentially disregarded on thematic grounds (p. 41).

Description of the Participants

Sixteen school business officials (SBOs) practicing in public school districts in New York State were recruited for the study. All were adults who used English in the workplace. Participants were neither coerced nor compensated. Of the sixteen, three did not respond to my solicitation, two initially agreed but ultimately declined to be interviewed, and one withdrew after being interviewed. The participation rate was 62.5%.

Consistent with the theoretical sampling guide found in Draucker, Martsoff, Ross & Rusk (2007, p. 1141), the first study participants were identified based on broad selection criteria. To be eligible for participation, a person must have been in charge of the financial management of a public school district in New York State, excluding New York City, Buffalo, Rochester, Yonkers or Syracuse (aka “the Big 5”), during at least one audit by the Office of the State Comptroller under the auspice of the local government and school accountability legislation passed in 2005. A person would be eligible to participate whether those experiences were acquired in the same or different districts. While the “big 5” districts listed above are subject to the reform legislation, their political and fiscal environments are markedly different than suburban and rural school districts.

In their review of qualitative studies related to health care, Draucker, Martsoff, Ross & Rusk (2007) reported that authors most commonly used theoretical sampling to: select

participants with certain characteristics; modify interview questions; and direct the researcher to data sources other than the participant narratives. After an interview was concluded, participants were asked if they could recommend colleagues who might contribute to the study. Because participants often initially suggested potential participants with characteristics similar to themselves, the researcher suggested characteristics such as gender, career path, or geographic region that had not been well-represented to that point. Not all suggestions were pursued. The following table presents a summary of participant characteristics that were used as criteria for theoretical sampling decisions.

Table 4: Summary of Participant Characteristics and Sampling Criteria

Participant	Gender	Qualification	CPA	Region	Sampling Criteria
A	Male	Certificate	CPA	Southern Tier	Met broad selection criteria
B	Male	Certificate		Central NY	Met broad selection criteria
C	Male	Civil Service		Capital	Met broad selection criteria
D	Male	Civil Service		Capital	Snowball
E	Male	Certificate		Capital	Snowball
F	Female	Certificate	CPA	Capital	Theoretical – Female, Cert, CPA
G	Female	Civil Service	CPA	Capital	Theoretical – Female, non-cert, CPA
H	Female	Certificate		Capital	Theoretical – Female, Cert, No CPA
I	Female	Certificate		Capital	Theoretical – Female
J	Male	Civil Service		North Country	Theoretical - Region

After meeting the broad selection criteria to be included in the study, the first three participants were not referred by a previous participant. The fourth and fifth participants were recruited in a snowball manner from a participant's referral. Because the first five participants had been male, and females are known to hold school business positions, sampling became more

strategic to include females. Females with different qualifications were selected to produce additional variation.

The primary data collection technique employed for the study was semi-structured interviewing. While interviewing can be considered a qualitative method unto itself (Seidman, 2006), the role of interviewing in this study is limited to two key functions. The first is to serve as the primary data collection vehicle. The second is to guide theoretical sampling decisions.

Participants were recruited through direct email or telephone contact according to a script approved by the University's IRB (Appendix B). Once a person agreed verbally or by email, a recruitment letter including the consent form (Appendix C) and a list of interview questions was sent. The decision to send the interview questions to all participants was made while scheduling the very first interview. Participant #1 requested the interview questions in advance so that s/he would have time to prepare thorough responses and suggested that the other participants would also appreciate having the interview questions in advance. During the interviews several participants referred to their list of questions after making initial responses stating that they wished to verify that they covered all of the points they wanted to make. Only one participant indicated that s/he did not look at the questions at all prior to the interview session. Releasing the questions in advance was an acceptable field adaptation of the research plan because it assuaged concerns of skeptical participants that the questions would be embarrassing. Addressing the issue in this manner increased the likelihood of rich, thoughtful responses.

Role of the Researcher

In qualitative research, the research is considered an instrument of data collection (Denzin & Lincoln, 2003). It is incumbent upon the researcher to describe relevant aspects of self, including

biases, assumptions, expectations and experiences to qualify the researcher's ability to conduct the research study being contemplated (Greenbank, 2003).

The researcher undertaking this project is a middle-aged, white male who is a product of a highly-ranked graduate program in public administration. He has nearly thirty years of professional experience in public financial management in New York State local government, the state university system, and public school districts. This extended, practical experience provided a deep understanding of the technical work, its challenges and demands, and the work environment, including its political contexts. In the researcher's view, the additional auditing effort associated with the reform of interest has produced little of value in cost/benefit terms. Implementation can be disruptive, thereby producing short-term organizational inefficiencies. Finally, audit regimes can be politically-motivated and therefore the legitimacy of a reform is inherently suspect. On the other hand, it is possible that the additional auditing effort associated with the reform of interest may have improved democratic governance in substantive ways. While the proposed theoretical model is based on the literature, it is also consistent with an expectation that the intensification of monitoring associated with this reform would be of great concern to practicing school business officials, and ultimately would produce evidence to support lessening of commitment.

While insider knowledge can be an asset, it also blurs the researcher's positioning. While three of the participants were professional acquaintances, it wouldn't be fair to say that the researcher was a full participant in the phenomenon. Therefore the researcher's positioning is *etic* – as an outside observer. The semi-structured nature of the interview helps to reduce distortion caused by the interviewer's interpretive process. Distortion is reduced further with practice by the interviewer (Wengraf, 2001).

Data Collection and Analysis

Data collection. Data were obtained through semi-structured, interviews conducted in the summer of 2014. Questions were open ended and provided opportunity for the interviewer to probe. The interview guide used for the interviews appears in Appendix D. The tone of the interviews was conversational as one might expect from a conversation between colleagues. Not every participant was asked every question. Depending on the pace and direction of the conversation, a listed question may have been skipped. This was an acceptable compromise, since participants sometimes covered a topic in advance of an upcoming question.

Interviews averaged 67 minutes 10 seconds in duration, with the shortest being 44 minutes 12 seconds and the longest being 96 minutes 24 seconds. All but one interview was conducted face to face at the participant's district office. The remaining interview was conducted over the telephone. While concerns about conducting interviews via telephone have been refuted (Novick, 2008), the telephone interview was the shortest of the interviews conducted for this project. This suggests that the telephone could be a barrier to establishing a rapport with an interview subject. Nonetheless, this was an acceptable compromise since using the telephone in that instance allowed a person who lived and worked a great distance away to participate in the study.

The interviews were recorded on a digital recording device. The audio files were personally transferred by a cable to a desktop computer attached to a secure university network. Audio files were copied to a flash drive and delivered to one of three paid transcribers. The flash drives were either delivered personally or sent by a package delivery or U.S. Postal Service. The transcribers returned the flash drives in the same fashion. Audio files and transcripts were retained on a flash drive kept in a locked box and will be destroyed when the study is complete.

Once transcripts were received from the transcribers, they were sent to the participants to review. In spite of requesting that they affirm that the transcript was accurate, most of the participants did not comply. Three participants sent minor corrections, usually the correct spelling of the proper name of a person, audit firm or school district. At this stage, one participant withdrew from the study.

On two separate occasions, both early in the interview schedule, two interviews were conducted on the same day. Since there was no time to conduct analysis between interviews, theoretical sampling was weakened. Theoretical sampling was also weakened when interest in being interviewed out-stripped the transcriber's capacity to produce transcripts. However, these were necessary compromises to accommodate scheduling and travel. This was less of a problem later in the interview schedule.

One of the main limitations of interviews is data being filtered by subjects. Filtering data was a particular concern for this study for two reasons. First, subjects needed to recall issues and events that took place years prior to their interview. Second, it may be socially desirable to present the district in a favorable light or to downplay real or perceived shortcomings in their personal job performance. While recalling issues and events did not seem to be at all difficult for the participants, two incidents during the interviews suggest that social desirability might have been at play. In one interview, the participant staged an interruption. Early in one interview, an administrative assistant came into the office with a textbook and a contrived question about a bond issue. After the display, the participant stated that the display was intended to demonstrate how busy school business officials were. While the display was likely intended to impress a younger, more inexperienced interviewer, it did not have that effect. Nor did the display undermine the credibility of the interview. It is simply data. In a different interview, the

participant declined to be directly critical of the reform and instead phrased his criticism in positive language, stating that the response was “making lemons into lemonade.” Again, this did not undermine the credibility of the interview. Rather, the response and explanation was data to be analyzed and interpreted.

Process of analyzing the data. Provisional coding establishes a pre-determined set of codes with which to begin an inquiry (Miles and Huberman, 1994). The provisional codes may be based on a variety of pre-fieldwork activities including literature searches, pilot studies, research questions and researcher-generated hunches about what the data to be collected will reveal (Saldaña, 2011). Because this research begins with a model depicting a set of theoretical relationships, the relationships can be said to represent researcher-generated hypotheses or hunches about what the data to be collected will reveal. As such, provisional coding is an appropriate first-cycle coding method for this study. The following set of provisional codes were derived from the theoretical model:

1. District Variables: Size; Wealth
2. Reform Package: External Audit; Internal Audit; Claims Audit; Audit Committee; Corrective Action Plan; Board Financial Training, and; Performance Audit;
3. Adapted District Structures
4. Audit Variables: Frequency; Focus; findings
5. Perceived Supervisor Support
6. Job Autonomy: Method; Schedule; Criteria
7. Organizational Commitment: Continuance; Affective; Normative

In addition, several provisional codes related to the individual school business official were added including:

1. Tenure – Career; Current
2. Qualification Type – Certificate; Civil Service; Other
3. Gender – M; F

4. Prior Work Experience – Public; Private
5. Entry Age
6. Region - Current

The provisional codes do not encompass all possible district and individual-level characteristics or constructs. Rather they include only those district and individual-level constructs theorized in the model presented in Chapter 1 along with a few additional descriptive characteristics. Nor is the goal to force the data into the provisional codes. According to Glaser (1992) if a researcher believes that the product of their analysis is a reconstruction of their own making, using techniques that reveal pre-conceived ideas is not forcing the data. The provisional codes were helpful in that they provided an initial scheme for categorizing responses. However, it is common for provisional codes to be added, modified or deleted as the study progresses (Saldaña, 2011).

Coding the first transcript is a critical step when using the constant comparative method because it produces several important outputs on which future coding iterations are based. These include a summary of each interview, a list of preliminary codes, and notes describing the coding process (Boeije, 2002). Each sentence in the first transcript was read carefully for content and meaning. An open coding scheme was then used to generate codes to supplement the provisional codes. A single, hand-written, word or phrase-length code was assigned for every segment of text that seemed interesting, regardless of the segment length and whether it was repeated or not. This approach is more discrete than “lumper” coding, but less discrete than “splitting.” Saldaña characterizes this approach as “middle-order” holistic coding (2011, p. 118). From the transcript marked up with the draft codes, a list of the preliminary codes was compiled and grouped together if the codes seemed to be analogous or very closely related.

Apparent discrepancies between codes assigned to similar text segments were resolved by re-reading the text to better understand the context and re-coded accordingly. As an example, a participant made two apparently conflicting statements in the text. Twice s/he referred to the job as “complicated, difficult work.” Later in the interview, s/he stated that school business management “isn’t as mysterious as people think.” A close reading of the transcript revealed that the context of the first statement is about negotiating politically-charged situations, the second refers to completing financial tasks. This instance resulted in creating two codes; one related to perceived difficulty with politics and the second related to perceived difficulty of financial work. As each transcript was coded, the preliminary codes were added to the list and evaluated for re-naming or consolidation with another code.

A summary of each transcript was then written in Microsoft Word in a narrative organized to address each code found in a transcript. The average length of the summaries was four and a half pages. This process eliminated many duplicate segments and screened out some segments that, on reflection, didn’t seem to fit the project. One concern however, is that the summarizing process reduced the data by about 70% on average, which is higher than the 50% that Seidman (2006) suggests as a standard. Preliminary codes were inserted as headings between paragraphs. These became preliminary codes.

Since the research questions deal with perceptual phenomena, specifically how participants think and feel about an audit program intended to improve financial accountability, a values coding scheme was utilized for the axial coding process. Rokeach (1969) described a value as a deeply embedded belief about how one ought or ought not to behave; attitudes as being the positive or negative emotional feelings a person holds towards some object or idea predisposing a person to respond in a consistent way; and a belief as being an idea that a person

holds to be true. Beliefs may be descriptive (“I believe that the auditors were on site for two months”), evaluative (“I believe that the reform did more harm than good”) or prescriptive (“I believe that the auditors should stop being confrontational”). Collectively, values, attitudes and beliefs reflect a person’s perspectives and world-views (Saldaña, 2011, p. 89).

Codes representing whether a segment reflected a value, attitude or belief were applied to the interview summaries. In many cases it was difficult to ascertain whether a segment reflected a value, attitude or belief. In those cases, a “best guess” was taken. This was an acceptable approach since the goal of the project is not to differentiate between values, attitudes or beliefs or to show how values affect attitudes and beliefs. To improve accuracy, code choices were verified by finding one or more references in the interview transcript, re-reading and verifying that the code choice was reasonable. For ease of data handling, the coded segments of text from each interview were transferred into an Excel workbook and matched with the appropriate code. This process was repeated for each transcript, with the coded segments and codes placed in a separate tab in the Excel workbook. Once the values coding process was completed for all ten interviews, there were forty two (42) surviving codes.

From this set of codes and coded segments of text, straight-forward techniques described by Ryan and Bernard (2003) were used, particularly word repetition and word lists derived from the literature (pp. 96-97) and the cutting and sorting technique (pp. 94-96), which was used even more extensively than the word techniques. Analytical summaries were written to begin the process theme development. Illustrative quotes from the transcripts were selected and included in the analytical summaries. The forty two (42) surviving codes were reduced to eighteen (18) categories. The categories were tentatively named as follows:

1. Participants
2. Management vs. Performance
3. Feeling Valued
4. Comments on Preparation
5. Relationship w/Superintendent
6. Job Autonomy
7. Accountability and Risk
8. Frequency and Focus
9. Picking Your Battles
10. Surviving an Audit
11. Impressions of Accountability Reform
12. External Audit
13. Internal Audit
14. Claims Audit
15. Audit Committee
16. Financial Training for Board Members
17. Impact on SBO Role
18. Success

Reducing the eighteen categories to five themes was aided by interconnecting the categories as described in Creswell (2005, p. 246). Initially, the themes that emerged were cryptically named. But on further consideration, the themes were renamed to reflect a chronological progression: 1) Becoming Established, 2) Assessing Reform and 3) Surviving the Reform.

Table 5: Categories and Themes

Cat	Cat Name	Becoming Established	Assessing Accountability	Surviving Reform
1	Participants	X		
2	Management vs. Performance	X		
3	Feeling Valued			X
4	Comments on Preparation	X		
5	Relationship w/Superintendent	X		
6	Job Autonomy	X		
7	Accountability and Risk			X
8	Frequency and Focus			X
9	Picking Your Battles			X
10	Surviving an Audit			X
	Impressions of Accountability			
11	Reform		X	
12	External Audit		X	
13	Internal Audit		X	
14	Claims Audit		X	
15	Audit Committee		X	
	Financial Training for Board			
16	Members		X	
17	Impact on SBO Role			X
18	Success			X

Examples representing how the data was coded and compiled at major steps in the process are provided in Appendix E. Examples are provided to show 1) how codes were applied to the corpus for each participant; 2) how narrative summaries for each participant were coded with values coding; 3) how the codes were compiled and organized into categories. The remaining examples demonstrate how data for all participants was aggregated and themed.

Validity steps. Steps were taken during data collection to limit the possibility of bias. The semi-structured nature of the interview reduces the risk of researcher bias (Weingraf, 2001). To ensure that the interview data was accurate, typed transcripts were sent to the participants for

their review. Relevant statements in the participants' stories were reviewed for consistency with the official audits available on the Office of the State Comptroller website. A data base created for coding audit foci includes links to retrieve all OSC audit reports. While providing key findings to subjects (member-checking) is desirable because it improves the validity of the study (Creswell, 2009), few of the participants complied with the request to verify the accuracy of their transcripts. Therefore it seemed unlikely that the participants would respond in sufficient number to improve the study.

The AtlasTi qualitative data analysis software was used to guide and validate the selective coding process by analyzing word counts in the corpus. While the word list was not used in a prescriptive fashion, many of the most frequently used words on the list did relate to the themes identified.

The University's Institutional Review Board determined that the research posed no more than minimal risks to the participants. Conversely, participants were neither compensated nor did they derive any other benefit.

Chapter 4 – Data Analysis and Results

The aim of this exploratory, multi-subject qualitative study is to gain insight about how auditees in public organizations experience and think about financial accountability mandates. Of particular interest is how intensified external controls might affect the psychological attachments that bind the auditees to their organizations. Following an introduction that reminds the reader of the purpose statement then describes the participants, the findings of the study are presented under three themes, named “Becoming Established,” “Assessing Reform,” and “Surviving the Reform.” Within themes sub-themes are identified by headings.

Unless the exact number was used, consistent language was used in the narrative to describe the number of the participants who responded in like manner such as expressing a particular belief. For example, “almost all” of the participants means that nine (9) of the ten or 90% of the participants responded in that manner.

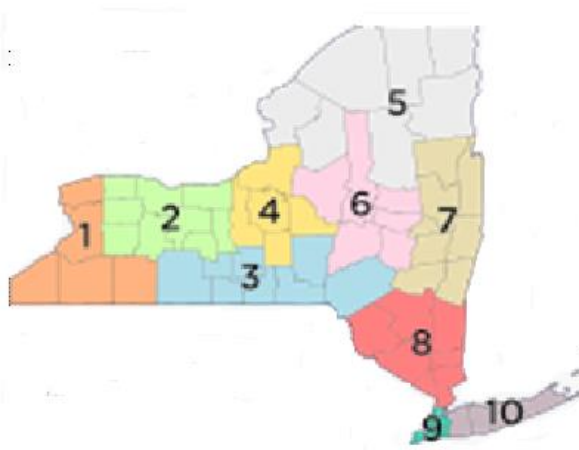
Table 6: Narrative Expression of Participant Counts

<u>Language</u>	<u>x of 10</u>	<u>Percentage</u>
All	10	100%
Almost All	9	90%
A Clear Majority	8	80%
A Majority	7	70%
More than Half	6	60%
Half	5	50%
Less than Half or Some	4	40%
A Few	3	30%
A Clear Minority	2	20%
Almost None	1	10%
None	0	0%

The ten individuals (6 male; 4 female) participating in the study were practicing School Business Officials (SBOs) in public school districts in New York State. A majority (70%) of the participants were drawn from the Capital Region, an 11-county area around Albany, NY, with the remaining three, one from each region, representing the Southern Tier, Central New York and the North Country. However, their collective experiences over the course of their careers encompass a much larger geography, covering virtually the entire state including Long Island.

Figure 2: Regions of New York State

- 1 Western New York
- 2 Finger Lakes
- 3 Southern Tier
- 4 Central New York
- 5 North Country
- 6 Mohawk Valley
- 7 Capital District
- 8 Hudson Valley
- 9 New York City
- 10 Long Island



Theme One: Becoming Established

Pre-service, entry and movement. Almost all (90%) of the participants were on a trajectory leading toward a career in the private sector; either studying a business field as an undergraduate or earning an MBA degree. Eight began their professional careers in the private sector, most often doing accounting work. Of the eight who began their professional careers in the private sector, three became Certified Public Accountants (CPA) and pursued careers in public accounting. Two more rose to become the Chief Financial Officer (CFO) in private firms. With the exception of one participant who changed fairly quickly from private business to public

school teaching, and another that entered the civil service after only a few years in the private sector, those that began a career in the private sector persisted for more than a decade. Whether motivated by industry re-structuring, family considerations, or a career choice, these individuals eventually engaged in information-seeking to explore school business as a career opportunity. While one participant characterized their own entry into the field as “just kind of fell into it” others were more strategic: “I knew that “once in, I could count on continuous work.”

For a majority (70%) of the participants, the position held immediately prior to their first position as a school business official was a civil service position either in state/municipal government ($n = 2$) or in a large school district/BOCES¹³ ($n = 5$). Each path provided the opportunity to acquire specialized knowledge of municipal law and school finance. These participants affirmed the importance of being well acquainted with the specialized knowledge prior to taking on the responsibility of the school business official role.

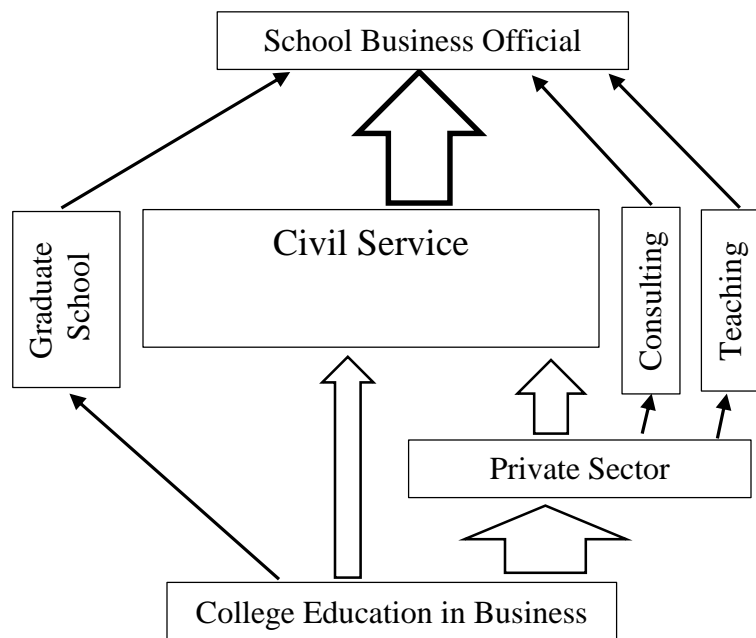
“...my father was a retired assistant superintendent of business ... He was doing consulting work, and he said to me, why don't you come along ... on my next job and see if you like this or not? So we went out to _____ because they go through business officials like laundry. We went to Board meetings, I did some presentations. Well, then <his father> got sick. I finished the budget, did the Board presentation, and they then hired me as interim (SBO).”

¹³ In 1948 the New York State legislature created Boards of Cooperative Educational Services (BOCES) to provide shared educational programs and services to school districts within the state. BOCES are organized regionally and provide services to member districts.

Another related:

“(I) was (in <local> government) for <a substantial number of> years as comptroller so that was where I built the base of all of my knowledge on local finance law, general municipal law requirements of the state comptroller’s office and all of the patchwork of laws and regulations that affect local governments. Through that position I had worked on some joint projects with the assistant superintendent for business at the school district...”

Figure 3: Participants’ Paths to the SBO Position



A clear majority (80%) of the participants held the school business official position in another district before accepting their current post. Four of the eight moved from a smaller district to a larger one. One participant indicated that s/he held SBO positions in three districts before landing the “pinnacle among SBO positions in the region.” The other four who held the school business official position in another district before accepting their current post left a position in an urban district to take a position in a suburban district. A participant stated: “city districts are tough places and plagued with old-time politics. If an SBO gets an opportunity to leave, it isn’t a tough decision to go.”

Negotiating responsibilities. All of the participants emphasized the importance of achieving a balanced budget. The participants had a collection of budget models that they regularly update and use for projecting revenue receipts and rates of spending as the year progresses. School business officials are also asked to meet unexpected needs and to use opportunistic savings to best advantage. As one participant put it, “you have limited resources and infinite demands.” So:

“You don't sit on the (money) ... Um, because
you can just ... keep it and put it to fund balance or put
it in the reserve. I like to look at the whole (operation)
and see where we need (additional resources) to keep
things going... What can you do with this \$10,000?”

While all of the participants emphasized the importance of achieving a balanced budget only half (50%) of the participants expressed feeling a high degree of responsibility for actually achieving a balanced budget.

“Oh, (I feel) 100% responsible. The only caveat I'll put to that is if the Board of Education and the superintendent have an undue influence or want to have an undue influence on the finances, then ... I talk to them about it. ... I feel fully responsible, but there are some things that a superintendent or a Board may want to do (that) I don't have any problem, like I said, leaving a district...”

Similarly, half (50%) of the participants do not feel particularly responsible for the district's financial performance/condition. Financial condition reflects the overall financial capacity to sustain its programs and/or to pay its debts (Reed & Swain, 1990: 304). A consequence of receiving a poor evaluation of financial condition is paying higher interest rates on borrowed money needed to purchase safe buses or for investments in facilities.

“I don't feel as much responsible (for the district's financial performance). I feel responsible for day to day operations. As far as performance, that's bigger, that's a joint responsibility with the board, superintendent and the community to decide where they want the district to be (fiscally) ...”

All of the participants expressed a strong sense of responsibility for assessing and communicating important information to the superintendent and school board. While school business officials may not feel completely responsible for financial performance outcomes, they continuously scan the changing legal, political, and financial environments.

“It's my job to communicate the financial aspect of what's happening. Nobody else. It's not anybody else's job.”

All of the participants expressed that they feel responsible for the operation and maintenance of procedural systems used to manage transactions. Much of a school district's transaction volume is of a routine nature. The proper handling of routine financial transactions depends on systems engineered with checks and balances and embedded internal controls to reduce the chance of error.

Looking back at preparation. All of the participants agree that the SBO position is a financial role embedded in a political environment. The majority (60%) of the participants do not enjoy the political aspect of the SBO role, but accept that politics are a part of the job. One participant stated that “achieving success necessitates engaging in board politics.” While the participants disagree about whether the politics are tougher in urban districts or in small districts, all agree that school districts are intensely political environments. Another participant who is a CPA explained:

“It's in my nature to see something wrong and fix it. Sometimes you have to live with (a situation), not fix it and work around it; and that has been my hardest lesson. Pick your battles.”

More than half (60%) of the participants described the financial part of the job as some variation of the phrase “not rocket science.” That is not to say that the participants believe that the financial work is easy. Rather, because many fiscal processes are cyclical, almost all agree that it takes a full year to see the most important processes just once. The second year is spent

correcting mistakes made in the first year. It may take several more years to ensure that all of the systems, procedures, staff and expertise is in place to ensure that operations run smoothly.

Citing the increased attention on financial accountability and a fiscal climate characterized by shrinking resources, almost all (90%) of the participants agree that a working knowledge of accounting is helpful, if not essential, for aspiring school business officials. Yet, these participants believe that an aspiring school business official need not be trained as a CPA. A CPA license does not ensure a successful career as a school business official because the scope of the school business official's responsibilities are typically much broader than accounting and finance. Nor does a CPA license prepare a person to function in a political environment.

Almost all (80%) of the participants expressed that their formal education was deficient in some respect, and that hard experience on the job was their real preparation. These participants believe that the ideal training program would prepare a candidate to be successful in the financial and political domains of the role. In spite of the growing importance of accounting in school business, more than half (60%) of the participants indicated that they knew of contemporary examples of successful school business officials who had little or no formal training in accounting. Half of the participants were sharply critical of their graduate courses in education, suggesting that typical graduate programs in education may not align with the work requirements demanded in the school business role.

Feeling the shock on being immersed in the SBO role that some (40%) of the participants described, a few (30%) of the participants indicated that in hindsight, they were not ready to take their first SBO position. These participants indicated that learning quickly on the job was key to their early survival. In the longer term, survival depends on "demonstrating knowledge and being proactive." All agree that "experience matters" and question whether an inexperienced person,

regardless of preparation, could be effective. Even the youngest of the group, for whom school business was a career choice, sees wisdom in later entry into the profession.

“You know I’d go home for the first couple months and say geez, what am I doing here? Because it was tough. I mean there was a lot of different things. A lot of complicated topics that, you know, doing school work and internships don’t prepare you for ... I probably wouldn’t recommend a really young person to go into it (school business). I think coming from a different profession...that’s the way most people, I think, enter this profession ... probably later in life.”

Relationship with the superintendent. The participants universally acknowledged that the school business official role is a demanding one, pressure packed, and typically requiring 50 to 60 hours a week; more during peak times of the school cycle. As heavy as the school business official’s workload is, the superintendent’s burden is heavier. A clear majority (80%) of the participants expressed a great deal of respect for the people who can manage the all-consuming nature of the superintendent position.

“...they (superintendents) are really more accountable than you are in the realm of things because the buck stops there. You know with the board, with the community, with everything. It’s all on their shoulders.”

While school business officials exercise considerable decision-making authority, in a formal sense that authority is delegated from the superintendent. A majority of the participants clearly recognize that the superintendent is “the boss.” One participant expressed this relationship in the statement: “I am a decision-maker, but I am not the ultimate decision-maker.” All of the participants are sensitive to signals from the superintendent and a majority were explicit that they strive to meet the superintendent’s expectations. One participant stated plainly that s/he is 1) personally accountable to the superintendent, and 2) meeting (that person’s) expectations is “*the* most important thing” for survival. Another participant explained:

“If you are going awry, you’ll know pretty quickly because people will either ‘throw you under the bus’ or they will go above you. My superintendent is very good, and his administrators create solutions, not problems. So if ... you are constantly troubleshooting issues with (people)... you know you have a problem.”

The superintendent’s firm hand is especially important in early career. Some (40%) participants spoke about feeling shock and fear when immersed in their first position as a school business official. The participants estimated that it takes a minimum of six months, but most often a year or two, before attaining a reasonable degree of comfort in the role. A participant characterized “Year 2” as a year of refinement; learning what you needed to know, figuring out your mistakes and what you should have done in Year 1. School business officials are particularly vulnerable during this period of early development. As one participant explained:

“...you’ve got to know where your boundaries are and when you need to kick (an issue) up to the next

level (the superintendent). ... It's when you don't know and can't figure it out (but still try to) navigate those boundaries is when you get in trouble.”

Looking back, a few (30%) participants expressed a feeling either of gratitude to those superintendents who had guided them while in their first SBO positions, or a belief that they were lucky to have superintendents who saw the participant's potential and “took a chance” by hiring them.

“I was very excited to be out on my own, but was I ready? I don't think so. ... Until you get that first position and can get that experience, you're never ready. And that's why it's critical to have a superintendent who sees the potential but is willing to actually work with you to, kind of, get your wings and fly. There were lots of times where _____ would come in after the board meeting and say, here's what I liked, here's what was good, here's where you need to improve in the future, here's where you have to take a different path in the future.... And he did that with anything I did.”

The participants in mid or late career have reached a point where they “enjoy” their relationship with their superintendent even when the coaching behavior is likely to continue.

“In executive (session) we play off each other, but I understand what my role is. And, um, we

always do feedback after the Board meeting, like, you know, how did I do? Did I go too far? And it's a constant building that base of trust with your boss.”

Experienced school business officials have the benefit of knowing the issues, having access to relevant information and knowing what is expected of them. Experienced school business officials are comfortable and confident in their roles, so the relationship with their superintendent can become mutually supporting.

“You have to be able to support your superintendent in the manner that ... you're covering their tail on things. Not that they're trying to do it wrong, but you see things in a different perspective. But you have to understand how they make decisions. That's critical to be a resource to your superintendent.”

However, a participant who worked in a district where three superintendents had come and gone suggested that the freedom given to a school business official is a matter of the superintendent's leadership style.

“I've had three superintendents since I've been here, all very, very different kinds of people. ... The first person, a wonderful superintendent, but I was not allowed to speak at a board meeting unless he directed me to speak. The next two wanted my input. They wanted me to feel free to speak up as needed. And you don't take offense to that, that's their style.”

Job autonomy. The job autonomy construct in the literature reflects the extent to which a person is allowed freedom to schedule work, independently make decisions, and select the methods used to perform tasks. Autonomy can be derived from formal codes or organizational position. While autonomy is commonly thought of as exogenous – something that can be given or taken away – for this project autonomy is better conceptualized as a perception. To these participants, feeling autonomous is critical for their effectiveness.

“I’m not constrained, but I have constraints. ... No one’s telling me how to manage my day, they trust you, and that’s ... what I like to work under. I like room, I like rules, and I like to have that one-on-one with the CEO. I’ve done well in my career (when I have) that. I don’t do so well when I don’t have that.”

When a person senses that they are autonomous, they may feel free to express creativity. Participants expressed their belief that others expect school business officials to think creatively and solve problems. Half of the participants cautioned that school business officials can be creative, but within limits, and typically creativity is only appreciated within the sphere of resource utilization. One participant commented on the limited opportunity to be creative:

“It used to be that if you had some creativity and had the support of your community, you could do great things. (But) creativity is now discouraged. The work is regimented and strict.”

Viewing the range of problems that school business officials commonly deal with on a governance – operational continuum, one might expect that school business officials with

assistant superintendent job titles would be more directly engaged with governance processes than those with school business manager or school business administrator job titles. A clear majority (80%) of the participants regardless of title indicated that they are engaged with the school board directly and to a considerable degree independently of the superintendent. Asked whether it was the superintendent or the school business official that led the budget discussion with the board, a participant answered flatly “I do.” Another indicated that independent decision-making is something a school business official learns early in their careers.

“You know, you learn how to interact with the board president and vice president. And you learn, <that> you’re actually involved in the politics ... So I had to learn how much information to share with the Board of Education. Not to withhold information, but to (facilitate) their ability to process it.”

Establishing role boundaries that allow a school business official to feel autonomous can be negotiated in some situations. This is critical for the school business official who seeks out interim assignments or “side jobs.”

“I’m fortunate enough being an interim to kind of meet with Boards in the beginning and talk to them about who’s going to run the business office; is it going to be me or is it going to be them? And I give them a couple of examples, and we usually take it from there.”

All of the participants acknowledge that much of their work is driven by deadlines, but much of it is not. School business officials also have considerable latitude to determine the methods for accomplishing their work.

“I come to work every Monday never knowing what the week is going to hold for me, what the new crisis is going to be, what’s got to be figured out and solved by Tuesday, or what new thing that I haven’t even thought of is going to land on my desk that needs to be figured out and solved. “

Felt obligations. All of the participants expressed having internalized professional obligations driving them to serve the district and the community. All of the participants described a felt obligation to live up to the management values of efficiency and effectiveness, but also to personally-held majority values of frugality and honesty. The participants universally verbalized an attitude that acting in a manner consistent with those values is something the public is owed.

“We have a responsibility to save and be as conservative and efficient as possible, period. This isn’t my money, this is the taxpayer’s money and ... I take that very seriously.”

All of the participants spoke about their felt obligation to conduct financial business in a transparent manner. The participants universally verbalized their belief that transparency is something the public is owed. But a majority (70%) of the participants also spoke about transparency as an important management strategy for building trust.

“There is often a perception that there is fraud, waste and abuse in local governments and I wanted to help do my part to combat that and say, “Look, we understand these are taxpayer dollars, we understand that this is a business. They (school districts) have financial reporting obligations, they have the need for internal controls and strong management like any other business. So (I’m) really just trying to help build an understanding within the community that professionals (are) working hard for the benefit of the community and ..., I find it very fulfilling to build that trust with the community and with your various boards that you are working with.”

Making a living as a school business official. Anecdotal evidence from school district superintendents indicates that the school business official position is among the most difficult positions to fill. This condition shapes the field of opportunities available to those seeking school business positions.

Holding a position. Securing tangible benefits that contribute to their family’s welfare was mentioned more often and more forcefully than less tangible benefits as something of value. Stable income from long term employment, family health insurance and a retirement pension were prized by a majority of the participants. These participants acted on a general belief that that school districts are “good places to work” because they provide the tangible benefits needed to support a family.

“My wife and I found out we were expecting and my father-in-law told me that there was an opening ... at the _____ School District and that I should go and take the exam and see if I could get into the school district because they had excellent benefits and it was a pretty good place to work.”

A participant with relatively few years of service as a school business official is also depending on the stable employment that the occupation provides.

“I need a vocation here that provides me a living to support my family and to do other things that I want to do. And I think this opportunity has empowered me to ... support my family. I need a health care program to provide for myself and for my family, and this vocation has allowed me to do that. I’m blessed with an opportunity to receive a retirement package down the road with this vocation and that’s going to allow me to pursue other interests and economically support myself.”

Semi-independent contracting. While continuous tenure in one district was the most common strategy employed by the participants to secure stable, long-term employment, opportunities exist to accelerate meeting personal financial goals. One approach is to take interim assignments. A participant explains why interim assignments present such attractive opportunities:

“This is my sixth district working as an interim. I worked in ten school districts altogether in 15 years. So it's a one-and-a-half year average at each school district. There have been a couple of different reasons why school districts would hire ... an interim. Usually ... the position's been vacated and it's either vacated because the person resigned or the person was terminated. Um, I've never had a situation where I was called in and worked with the existing business official who needed help, but they were staying at a job...”

Other SBOs take work with other school districts as “side jobs.” One of the participants indicated that his school district hired a school business official from a neighboring school district to function as the internal auditor. Another school business official is working as a consultant for the _____ School District, helping that district work through a fiscal crisis. The advantage of taking interim positions or side work is that:

“...you negotiate with every single school district. So you are being paid more for your talents than <if you were> waiting to be moved up a Civil Service list.”

Liking the work. The participants not only value pecuniary rewards, but they also take enjoyment from the work itself. All ten participants identified the variety of problems and projects that school business officials engage in as something they enjoy about the role. While the participants asserted that everything that they do has financial implications, as a group they

estimated that they spend between 20 and 75 percent of their time on concentrated financial work. One participant suggested that district size or wealth might be an explanatory factor:

“I probably spend more time with finance than some others ... because most of the others can delegate. (The job) really is 80% management and 20% number crunching. With (my) position it’s probably more number crunching, more detail... because (the district is) smaller.”

Their management effort is applied to operational problems in the functional areas that typically report to school business officials such as transportation, food service and buildings & grounds. Human resources, particularly labor relations work such as collective bargaining and enforcing labor contracts, was reported to be another area demanding a significant amount of the participant’s time.

All of the participants derive a deeper sense of satisfaction from the results of their labor. A few (30%) participants spoke about deriving satisfaction from a job well done with comments focusing on skill exhibited in doing the job. One participant commented:

“...you need to be able to deal with all kind of different people, from board members all the way down to -- to the food service worker. And I like ... being able to relate at whatever level I need to.”

Others focused on tangible work products:

“That's the -- that's the excitement of the job is, um, you know, seeing what you do, how it can

go into action. You don't get that in a lot of industries. You can just look out your window, walk to the school and see, hey, there's the new sidewalk, there's the new flooring, there's the new HVAC. That's really, really enjoyable.”

However, a majority (70%) of the SBOs interviewed expressed a sense of satisfaction from contributing to the welfare of the students and the broader public good.

“...at the end of the day it's, there's a kid that's going to graduate, there's ... a child with special needs that's going to get a piece of equipment that's going to help them be better prepared so they're in a position to learn. So it's just fun ... that's the aspect of the job that's exciting.”

While several of the SBOs stated that they derive satisfaction from contributing to the welfare of the students and to some extent to the broader public good, only one explicitly talked about continuing to fulfill the SBO role in her current district due to feelings of obligation.

“Higher up for me could be in a larger district. In a larger district where you have somebody else who handles HR matters where you could really concentrate just on the finance piece of it. So, yeh, higher up would be more money. Uhm, ..., but I am not in it for the money so I would be evaluating other factors, ... I know that's a non-typical answer too...

Theme Two: Assessing the Reform

Audits and Accountability. All of the participants accept without question that audits serve a useful role in a larger system of accountabilities that protects the interests of taxpayers, students, and the community at large. The participants are also not naïve about human nature and the seductive power of unsecured money. As one participant wryly noted, “not watching <your money> is a perfect invitation for someone to take some of it.” Expressing their belief that a strong audit program will discourage dishonest activities, some participants expressed bewilderment that the State had not routinely audited school districts for decades.

‘I think <when> you create an environment where
no one thinks there’s any rules, you are going to have
people taking advantage of the fact that nobody is
paying attention.’”

Reform stimulus and structure. All of the participants attribute their being subjected to a program of intensified auditing since 2005 as a direct result of the sensational financial scandal that was uncovered in the Roslyn Unified School District on Long Island. One participant said simply, “SBOs got a black eye.” While the Roslyn affair may have been the stimulus for financial accountability reform, the participants are also aware that the Office of the State Comptroller had found serious and persistent financial control issues in other school districts as well. The William Floyd UFSD and the Roosevelt UFSD, both on Long Island, being two prominent examples.

All of the participants also recognized that the reform legislation contained several unique monitoring strategies. The participants’ expressed varying opinions about how each element of the reform should work to improve fiscal controls as well as how they see the reform

External audit tendering, internal and claims auditing. All of the participants value a competent, capable external auditor. As one participant said, “a meaningful audit is well worth the price.” Shrewd school business officials also use their external auditor as a sounding board, obtaining advice about internal issues or emerging external standards through the entire year.

The element of the reform legislation requiring auditor tendering was designed to prevent relationships between the auditor and school district from becoming too comfortable and interests too closely aligned. While the reform legislation requires school districts to competitively solicit for an external auditor every five years (tendering), it does not require the district to select a different auditor (rotation). While more than half of the participants indicated that the reform is a good idea in principle, all of the participants were ambivalent as to whether the reform had any impact in practice. All of the participants were aware that auditor turnover was uncommon and question whether this reform could have the desired effect without a requirement for a school district to actually change auditors after a specified term. More than half of the participants were explicit that the requirement to issue a request for proposals (RFP) for an external auditor has had no effect on their choice of external auditors. While the most common reason for keeping their external auditor after a solicitation was satisfaction with the current auditor, one participant indicated that there were few, if any, viable alternatives in the regional auditing market.

Nonetheless, a few of the participants expressed a belief that the reform had a practical benefit insofar as the RFP process has provided a competitive force to improve audit quality and/or to keep audit fees at reasonable levels.

“I was not happy with our auditors because from
a professional standards perspective, they were going

through the motions of an audit, they weren't really auditing anything. The audit report was barely worth the paper it was printed on. So we did the RFP, we ended up actually paying more for the audit, but we got an audit that was meaningful and fulfilled what you would expect an audit to do.”

According to the New York State Society of Certified Public Accountants (2014), a mandated internal audit is an essential audit function in any sized school district. However, this element of the reform is clearly the most controversial for the participants. Participants were evenly divided, with less than half in support of the reform, less than half against the reform and two taking neutral positions. However, a clear majority of the participants expressed highly negative reactions toward the internal audit mandate in practice. These participants characterized the reform as “a waste of money.” From their own experience and from anecdotal evidence from colleagues, the seven unsupportive participants believe that the internal audit mandate was costly and had produced “minimal benefit” and that continuing the practice would be “excessive.” These participants endorse expanding an exemption enacted in 2013 that relieves the internal audit mandate for districts under 1,500 students.

However, two of the participants expressed strong support for mandated internal audits. Another expressed contingent support, stating that “there was a role for an internal auditor in some circumstances,” typically in circumstances where the district was in fiscal crisis.

A claims auditor reviews the detail associated with vouchers and invoices for correctness, confirms that the expenditure is for a valid district purpose, and approves the transactions for payment. While the legislation does not mandate that a claims auditor position be created, if the

board opts not to create a claims auditor position, it must perform the claims review itself. This creates a strong incentive for school boards to create a claims auditor position in their school district.

More than half of the participants expressed that, in principle, the claims auditor mandate is a positive reform. In practice, these participants are equally positive. They value the “second pair of eyes” and believe that this is a needed position. One participant exclaimed, “If the mandate went away tomorrow, I wouldn’t get rid of the claims auditor!”

Two participants, both CPAs, conceded that the position “lightened the load” for the board, but asserted that claims auditing did not add value to the control environment. The participants that had negative attitudes about the claims auditor position expressed concern that the claims auditor might overstep their authority and create obstacles and/or problems for a school business official.

“I’ve also seen the Board ... try to control expenditures. If you really look at what a claims auditor is supposed to do, they’re not supposed to tell me, the superintendent, the principal, or the science teacher that you can’t buy ten brand new microscopes. If it’s in the budget, it’s in the budget. You can tell me or we can work together on how I need to justify whatever I’m going to buy, but you can’t tell me I’m not going to buy it.”

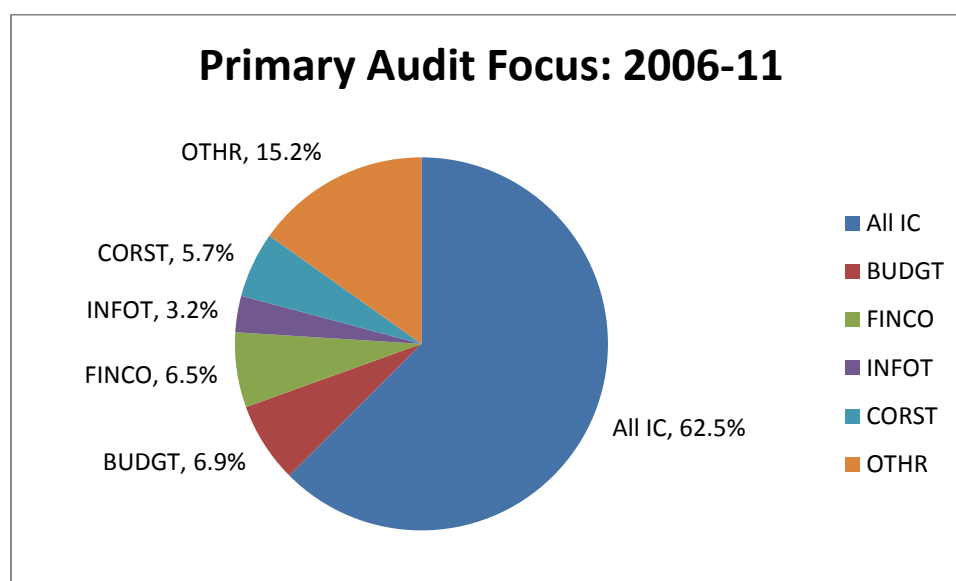
Audit committees. The reform legislation requires that school districts constitute an audit committee. A school district’s audit committee is advisory to its school board on matters relating to both internal and external audits. None of the participants were critical of the audit committee

concept, and a clear majority of the participants supported the audit committee requirement in principle. The participants had worked with audit committees comprised of a mix of board members and community members, and entirely of community members. But most often, the districts in which they have experience choose to configure their audit committees from pre-existing standing committees of their boards that dealt with broader business activities related to budget and finance. The participant's attitude about the audit committee in practice was also quite positive. A few of the participants expressed that the reform had the "effect of structuring and focusing the responsibilities of the audit committee, and that the committee was doing "good things." One participant explained that once the audit committee became sufficiently educated about funding issues, members would become advocates for the district. Despite the generally positive attitudes about audit committees and their benefits, one participant repeated the concern about board members using the audit committee as a platform for controlling the district's expenditures.

Performance auditing. In the context of this project, a performance audit is an audit conducted by the Office of the New York State Comptroller under the auspices of the 2005 Fiscal Accountability legislation. These audits are specifically identified as performance audits. A review of audit reports between 2006 and 2011 indicates that audit scope was clustered around a relatively small number of general themes: internal controls, both general and specific to a particular administrative function, budget reviews, financial condition, information technology, cost or revenue studies, and all other. These are respectively identified as ALL IC, BUDGT, FINCO, INFOT, CORST and OTHR in the chart that follows. Even allowing for some classification error, the most frequent audit scope for performance audits during the first six years of the program was clearly the assessment of internal controls. A clear majority (80%) of

the participants confirmed that the primary focus of the performance audit program in the first five to six years seemed to be internal controls.

Figure 4: Primary Audit Focus (2006-2011)



Over time, the number of audits focusing on budget monitoring and financial condition remained fairly constant. However, a new audit priority became apparent in 2010 and 2011 when audits specifically focused on costs and revenue were conducted. The effort to complete cost and revenue audits more than doubled the number of audits conducted on matters related to fiscal performance.

Table 8: Audit Focus (Number of Audits by Type)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>ALL</u>
General							
IC	20	86	119	103	8	12	348
Function-							
Specific							
IC	40	99	72	59	15	60	345
All IC	60	185	191	162	23	72	693

BUDGT	8	12	16	16	15	10	77
FINCO	2	9	10	21	10	20	72
INFOT	1	12	3	9	0	10	35
CORST	1				29	33	63
OTHR	33	31	19	18	45	22	168
Total	105	249	239	226	122	167	1,108

Board involvement. One strand of the reform was to require board members to undergo six hours of financial training endorsed by the Office of the State Comptroller. Almost all of the participants believe that, in principle, financial training for board members would be beneficial. However, all agree that six hours of financial training is insufficient preparation, and so only a first step in acquiring all of the specialized knowledge that a board member should have.

“I don’t know if the training goes far enough to really educate board members on the massive responsibility they have as a board of education. You know, I definitely think there could be more training. ... all these financial documents that they are required to be familiar with... sometimes they need help ... (but) I think it definitely has stepped up the accountability in terms of the board’s awareness of their role to be financial stewards for the district.”

While awareness may have increased, more than half of the participants do not believe that the training that their boards have received has helped elevate the dialogue about district finances with their own boards very much, if at all. A few of the participants interviewed indicated that the limited knowledge afforded by the training produced questions that were sometimes unsophisticated and “a pain” to deal with. One of those participants indicated that

relations between board and administration were strained because of the limited financial training the board members received:

“It's good whenever a Board member is given training that they can understand. The problem you get is most people don't understand finances and they understand school district finances even less. So ... under the shadow of Roslyn, (it seemed like board members were) ... required and encouraged to question this, this, this, and this in a public meeting. It almost became an “us versus them” kind of thing, automatically ... questioning the business official, (presuming) we were doing something wrong and they had to find it.”

However, a few participants believe strongly that the financial training has helped, if only modestly, to elevate the board's dialogue about district finances.

“I think (financial training) is very important. Absolutely. ... it makes them understand that they really have to watch what goes on with finances. Sometimes they get so into programs that they don't think about finances. And then you have the other people that are there just to keep the taxes down. And it is easier for me to talk to them about these things

when they've gone through the training and they at least know what the language is.”

Transparency. A majority (70%) of the participants generally feel that school districts are as transparent as they need to be. Almost half of the participants made reference to the fact that community residents already influence school district governance more directly than they do any other unit of government because of their regular presence in the schools, opportunities to speak at board meetings and particularly, the participants emphasized, because they “get to look at and dissect the budget. What other sector of government has that level of scrutiny and accountability?”

“Nobody votes on the state budget. Every four years they get to vote on the governor, that’s about all they get to do.”

Ubiquitous information technology is another reason the participants believe that extraordinary efforts make school district finances more transparent is not necessarily needed. Coupled with existing freedom of information laws, almost half of the participants expressed a belief that an interested party can access virtually any school district data relatively easily. As one participant explained:

“Because everything (information) is immediate and everything (data) is accessible... people expect to go to a district (web page) and be able to drill down to everything that they want to know about a district. They don’t all do that, but I think the expectation is that information is at your fingertips...”

Almost half (40%) of the participants expressed an appreciation that transparency has costs, and that there may be a limit to how much transparency should be reasonably expected before operational effectiveness suffers.

“I think we have more than every other (unit of government) as far as transparency and openness. They’re voting on the budget. Everything (data) is out there. I don’t see a whole lot more that we could be doing and still getting the job done and being able to do it right. I really don’t.”

One participant expressed the opinion that it is the responsibility of the “officials in each district to respond to their community’s informational needs. If your community is satisfied, you’ve done enough.”

Theme Three: Surviving the Reform

Feeling valued. Almost all of the participants spoke about a felt sense of uncertainty that comes from the risk of knowing that they are held responsible for an audit finding, yet not being able to personally oversee every transaction:

“You always worry ... that there’s something going on that you don’t know and that’s why I like a claims auditor. I like an external auditor. I like all those other eyes because you’re pushed in so many different directions you can’t always drill down and keep an eye on every little thing that’s going on. So

yeah, that's the major concern. Is there is something going on that I don't know about?"

All of the participants indicated that their workload is heavy and getting heavier. Almost all feel the pressure of the additional work and notice that the extra hours devoted to night meetings, working at home and extra time in the office are inevitably leaving less personal time.

A majority (70%) of the participants described feeling under attack by the state's political leadership and appointed high-ranking staff. A few of these participants used colorful language like "ridiculed and vilified" to describe what they believe is a systematic, calculated campaign by the political leadership, particularly the Governor's Office, to undermine the public's confidence in the fiscal management of public school districts.

"He's just trying to make us kill each other in the industry, um -- you know. Make adversary relationships with the community, with our Boards, and with our teachers. And that's not going to solve the problem."

One participant called it a "political win for the Governor." Using more measured language, the others described a continuing sense of distrust between the political leadership and school district administrations.

Not surprisingly, a majority (70%) of the participants also sensed that school business officials are not valued by the Office of the State Comptroller (OSC). Half of the participants expressed a belief that the Comptroller was "out to get people," particularly in the earlier years of the auditing program. One participant witnessed a speech by the Comptroller who was in office at the time:

“I was at one meeting where he spoke to the _____ School District board and indicated what had occurred in Roslyn relative to the flight, that supersonic flight over to Europe for the superintendent and billed out of his Home Depot account that the school district paid for. He conveyed with such passion that it was occurring in every district....”

According to one participant, the tone from the top has been transmitted to Office of the State Comptroller staff such that in all of their dealings with school district fiscal managers are based on a “presumption of incompetence.”

A majority (70%) of the participants believe that neither educators nor the general public understand that scope of what school business officials are responsible do and what their role is. The term “thankless job” was used by almost half of the participants to describe the SBO role. One participant, a former teacher, revealed that educators view school business officials as “obstacles to teacher morale” because of the school business official’s role as a rule-enforcer. The participant elaborated that it was understandable why teachers and other educators would feel that way.

“If you want to know how I’m performing as a purchasing agent, go and ask a teacher what it’s like to try to purchase something ..., and they’ll tell you it’s a miserable experience, that there are huge barriers and why can’t I just buy what I want? If they tell you that, then you know that I’m doing my job

from a compliance standpoint, kind of backwards,
right?”

A few (30%) of the participants spoke about their belief that the public holds a generally negative perception of them. The source of this negativity may be a part of the broadly held view that public education is not currently fulfilling its mission. However, the school business official is often the “deliverer of bad news,” often seeking community input for making “hard choices” between program cuts, layoffs and tax increases; all unappealing choices for communities. One participant spoke about being in the middle of divisive issues, in one case a tax exemption for veterans:

“...unfortunately here’s a case where ... one
(group of taxpayers) is going to pay at the expense of
another. I had a voter, a veteran, come up and say, “all
of you people here, when you were here at your
children’s game, (I was fighting overseas). I didn’t see
my child for the first year that my child was born.”
They’re saying some pretty significant things. It can
elicit a lot of emotion <Animated> so there’s a lot
of emotion that goes into this, you’ve got to be able to
... handle it, hopefully. That’s just one example.”

Even when a participant believed that s/he was seen favorably in the community, s/he was resigned that “some will not be satisfied no matter what.”

“The public perception of administrators is often not high. We joke around ... that we’ll have t-shirts that say, ‘Administrators Are Scum’.”

The feeling of being under attack from all quarters has taken an emotional toll on a majority (70%) of the participants. These participants reported feelings of anger and discouragement. One participant stated “I hate seeing the educational program suffer, but there isn’t much I can do about it.” Almost all (90%) of the participants expressed a belief that the political climate is not going to change anytime soon. As one participant put it, “There is no cavalry coming.”

While only one of the participants indicated that s/he planned to exit the profession in the relatively near future, others believe that the climate is an incentive for school business officials to exit sooner than they might have otherwise:

“But I think it has gotten to a point where people are retiring in droves just because they find it so overwhelming that there is just no relief from the statutory requirements, so I’m not there yet but give me time.”

Almost all (90%) of the participants engage with and draw support from other school business officials. Often local associations of school business officials are venues to discuss technical/administrative or legal/political problems that they share as well as potential solutions to those problems. One participant referred to this mutual support as “empowering,” reflecting the isolating nature of the specialized problems and language of school business. Another explained that only lawsuits and “going public” could tip the balance of power between the state

and local school districts. A few (30%) of the participants participate in organized political action through state-wide professional associations or political action groups engaged on the broad issue of education finance in New York State.

Surviving the audit assault. The more than half (60%) of participants expressed in colorful terms that the current frequency of audit is “excessive” insofar that it is beyond what is reasonable for a school district to be subjected to or necessary to ensure a reasonable level of accountability. The participants sharing this attitude say that the auditing “is non-stop,” and school districts “get hit from every direction.” The frequency of auditing is “approaching ridiculousness” and there is “less of a need to continue.” The State has gotten “carried away.” Two of the participants expressed the minority opinion. Their belief is that a need for accountability remains, and even if there was no need, audits are “good discipline.”

Half of the participants believe that the State imposes a new rule or audit scheme as a reaction to political pressure. Some (30%) participants believe that the current program is focused on the “wrong things.” The audit focus may be a high priority for the Office of the State Comptroller but of “low significance” for the school business official. Regardless, the audits put the school business official on the defensive such that these participants feel that “you have to explain everything you do.”

The majority (70%) of participants expressed a belief that the accountability environment is more intense now than in the past. As one participant said, “there are so many more people looking for what you did wrong.” With so many auditors looking, error is going to be found. None of the participants believe that any school business official could survive a finding involving criminal behavior or suggesting gross negligence. But findings of this sort are not common. Corruption on the scale uncovered during the audit of the Roslyn school district is

exceedingly rare because they require the collusion of several key district officials as well as the external auditor. The participants agree that Roslyn was an aberration involving an unprecedented conspiracy.

Much more commonly, a well-designed audit conducted by an expert, objective auditor is likely to produce findings that offer valuable advice that the school business official can use to improve efficiency of the school district's financial operations or to reduce the risk of theft or error. While these sorts of findings in an audit report can be valuable, almost all of the participants expressed frustration that audits can be a time-consuming distraction from important day-to-day operations. Some (40%) of the participants expressed that the audits conducted by the Office of the State Comptroller have been beneficial in some instances. However, a clear majority (80%) of the participants believe that the audits conducted by the Office of the State Comptroller very often produce findings that are "technically correct" but of "little significance." The participants do not find these audit reports particularly helpful, and for the school business officials this is not a trivial point. Almost all (90%) of the participants feel that audits should produce benefits commensurate to the effort required.

No audit finding, no matter how inconsequential it may seem, is without risk. Almost all of the participants believe that a school business official can survive almost any non-criminal finding as long as it can be explained and the school business official has a plan to address the finding.

"I think as long as you can explain to your board and to your community that you recognize the problem and you are addressing the problem, you can get through it"

Still, a few (30%) of the participants believe that audits are seen as “summative indications of how you are managing.” The participants are aware that audit reports are widely available for the public to read. If an audit finding is not explained well and put in its proper context, it can become political ammunition. Verbs used in the report can create a range of responses in the community. More than half (60%) of the participants expressed a belief that media attention will produce negative consequences. How the district responds to the audit finding can help to diffuse the criticism or exacerbate the problem:

“I don’t find it beneficial to respond defensively to an audit like that cause you really can’t win at the end of the day... you can state the facts and you can thank them (the auditors) for their support, but ... a couple of them ... had really defensive responses - almost arrogant - and that’s not helpful. You know, your community reads (those reports) ..., so you have to be careful how you approach (your response).”

Superintendents are hyper-sensitive to political criticism and may use an audit finding to build a case against a school business official for dismissal with cause.

“I’ve also seen a particular district (where a business) ... official and superintendent didn’t get along and that evidence of the bad audit was used to really sever that business official’s relationship with

the district and then the official sued and it just got ugly...”

More than half (60%) of the participants acknowledged that audit findings can be damaging and even career-ending events. How participants described how the media is used as a weapon in the build-up to dismissal is strikingly similar. As one participant described it:

“There’d be a big write-up in the paper, the media would run with it, the board would say you brought a big embarrassment on the community, you’re not doing your job and, the next thing you know is that ...they’re calling your position something else. There’s a real fear that’s involved there.”

A clear majority (80%) of the participants believe that the audits conducted by the Office of the State Comptroller were a means to attack school business officials in the earlier years of the audit program (2005-2010). The participants believe that the tone of the publicly-available audit reports was intentionally inflammatory even when the finding represented a minor risk and had no financial consequence. The audit reports were soon followed by press releases suggesting that error or wrong-doing had been uncovered.

“Well OSC found ‘this.’ They don’t give you the context of the findings, they just say you did this thing that you shouldn’t be doing. Alright, you know you look at a <multi> million dollar operation and this is like literally the flea on the back of the dog and it becomes this media sensation. “(I say) put it in

context for the average citizen who already believes
that (school business officials) must all be corrupt
bungling fools.”

Almost half (40%) of the participants elaborated that the scapegoating tactics effectively exploited the school business official’s vulnerability to political pressure by using the audit reports and the press releases to focus the widely-held negative perception about government to bear on school districts and fiscal administrators.

Impact on the role. More than half (60%) of the participants believe that compliance activities are expanding. One participant referred to the “litany” of new requirements. Some (30%) of the participants were explicit that the job is becoming increasingly about compliance with rules rather than meeting the district’s operational or financial goals.

“It’s (the reforms have) made it so there’s less
time for me managing the budget and coming up with
new ideas. You’re just trying to keep your head above
water all the time.”

More than half of the participants indicated that they feel the pressure of additional accountability demands. For half of the participants, relief from the audit requirements would make the job “a lot easier.” More than contributing to a difficult workday, the additional work created by audit issues eats into private time. The participants spend more time in the office and working from home than before the reform.

“It wasn’t always like this.” It used to be you
could come in. You made sure payroll was out. You
made sure that the audit reports were done. You

know, submit a few cost reports for special ed(ucation)
and you were good. The expectations and the
responsibilities have just been piling on, piling on.”

Embedded in an audit finding is a recommendation from the auditor about how to resolve or correct each particular finding. Once reported, an audit finding remains unresolved until the school district reports some action or event to resolve it. While the school business official can recommend to the superintendent and school board that an auditor recommendation not be implemented, the majority (70%) of participants believe that such an approach is usually unwise.

“They have the bully pulpit so everybody
thinks, “Oh you should do what they are saying
because they are the state. They must ... know what
they are talking about.” And it kind of makes it
difficult for governments to make the case of, “Well
this what they said, but here’s why this is difficult to
achieve, here is what we are doing to respond to that.
You know, it puts you in a case of having to defend
what you are doing and I don’t know, it’s not the
most constructive way to work together.”

Nonetheless, in cases where the finding is easily implemented, a majority (70%) of the participants simply comply even if it is not efficient or otherwise beneficial to do so. One participant described the strategy as “picking your battles.”

“Well I guess any business official is hesitant to start
a fight with the state controller’s office just because you

know they're going to come back now at least every five years. ... Did (their recommendation) really lend any value to our process? I don't know that it did. We said okay, we'll do it.... Doesn't take a lot of time, just added paperwork to the file. Not a big deal, we didn't really fight it ... The option you have when they make a recommendation is to get into a long, slow, tortuous... I won't say argument, but contentious dispute over whether it's needed or not. At the end of the day, you know, it's like pick your battles and move on."

Nonetheless, in cases where an auditor recommendation would require a significant resource commitment, more than half of the participants are less willing to comply without an assessment of the cost/benefit in terms of risk reduction. If implementing the recommendation significantly reduces the possibility of theft, "those kinds of things you need to implement and take serious." However, in cases where the implementation costs are high but the risk reduction is low, the participants are divided on the appropriate response. Some (30%) of the participants are willing to decline to implement the auditor's recommendation:

"If they said something crazy like you need to hire three more people to do something, we would probably say we don't have the resources to do that, thank you for the suggestion."

But others are more cautious:

“I think you can push back to a certain extent.

You can challenge ... on the basis of ... compensating controls ... but you have to be on solid footing with whatever your argument.”

Success. School business officials have several instrumental financial goals in common with fiscal officers in other municipal governments such as achieving a balanced budget, having no glaring deficiencies on audits and protecting the school district’s bond rating. One study participant looks beyond the numbers to define success:

“It’s really not so much the financial indicators.

Yes, I look at that. I make sure we’re at our 4% fund balance. I make sure our reserves are where they need to be, but I feel successful when we’re on the right track with education; when our graduation rates are going up and when we’re doing better on state tests. You know, those are the things we’re supposed to do.”

Chapter 5 – Interpretations, Recommendations, and Conclusion

This chapter will provide a brief summary of the study, relate the findings to prior research, offer recommendations and the researcher's reflections, and suggest possible directions for future research studies.

Summary of the Study

Prior research has pointed out that models intended to explain the organizational commitment (OC) of public employees has not accounted for the substantial and often intense external controls imposed on public organizations. Based on a review of the existing literature, an initial theoretical framework was developed. The framework proposed that a public financial manager's organizational commitment was dependent on their perceptual constructions of the job autonomy and supervisor support that they enjoyed. Further, it suggested that public financial managers' perceptions of autonomy and support might change as external controls manifested as a reform imposed behavioral constraints in their work environment. The goal of this study was to investigate whether the aforementioned relationships held true in a case where an administrative reform that imposed a regime of overlapping audits was thought to significantly affect the work environment of the financial managers who must comply with the mandated reforms, and thereby better establish a linkage between administrative reforms to organizational commitment in the public sector context.

Ten school business officials from New York State participated in the study. Participants were interviewed using a semi-structured interview protocol consisting of 16 open-ended questions. Questions were designed to allow the participant to provide relevant background data, as well as reveal their attitudes, values and beliefs about audits and financial accountability in general and elements of the 2005 financial accountability reform in particular. The interviews

were recorded on a digital recording device and then transcribed by professional transcribers. Consistent with grounded theory research, initial, axial and selective coding processes were applied to the corpus resulting in a set of findings organized as themes. These findings led to a revision of the original theoretical model.

The central research question to be explored was: “how do school business officials in public school districts, as auditees, perceive the effects of a recent financial accountability/audit reform program; and in what ways do their perceptions affect the psychological attachments that bind the auditees to their organizations?” The following sub-questions serve to guide the exploration of different aspects of the central research question.

5. How do these school business officials describe and explain the effects of the reform on their work environment, activities and relations?
6. How do these school business officials describe and explain the effects of the reform on their professional identities, motivations and commitments?

According to the ten participants interviewed for the study, the accountability demands produced by the reform have affected their work environment in tangible ways.

Findings and Interpretations

Theme one: Becoming established. The first theme focused on the participants’ pre-service preparation and entry into the school business field, how they understand the role, and the limits of discretion that the participants believe constrain their actions. This theme relates to two psychological constructs included in the proposed model: job autonomy and organizational commitment.

The findings of this study do shed some light on the nature of the participant’s commitments. Research on public service motivation suggests that a school business official

would be a person having a higher propensity toward public service than most other people. However, all of the participants in this study had studied business in college and all but one had embarked on a career in private business after graduation. Even more telling is that six of the nine participants who began careers in the private sector persisted in their private sector business careers for a decade or longer before becoming school business officials. Therefore this finding is not consistent with the extant public service motivation research.

While the participants clearly enjoy certain aspects of their work and take some satisfaction in knowing that their efforts benefit schoolchildren, this research found that for most of the participants, the affective and normative dimensions of organizational commitment were far less important to the participants than the continuance dimension. Stable income from long term employment, family health insurance and a retirement pension were prized by a majority of the participants. This finding supports the continued relevance of side-bet theory and indicates that continuing the line of inquiry on investments is warranted.

Job autonomy reflects the extent to which a person is allowed freedom to schedule work, independently make decisions, and select the methods used to perform tasks. This study found that all of the participants expressed having internalized professional obligations that governed their work-related conduct. To these participants, feeling autonomous is critical for their effectiveness. This finding is consistent with previous research indicating that job autonomy is important for those in white collar occupations as well as recent research by Chang, Leach and Anderman that a perceptual construct very similar to job autonomy is very important for educational leaders.

Academic literature that discusses the careers of school business officials is rare. While not a specific goal of this research project, the description of the study participants extends what

is known about the careers of school business officials. A recent dissertation by Vandrew (2012) studied the career plateau phenomenon using a sample of Pennsylvania school business officials. Career plateauing occurs in mid-to-late career. This project offers a model of the school business official's career entry. Finally, this study finds that school business officials find it advantageous to change positions, particularly in the early and late career stages. Shifting positions in early career suggests that school business officials may engage in the same sorting behaviors that classroom teachers have been shown to engage in (Lankford, Loeb & Wykoff, 2002).

Theme two: Assessing reform. The second theme focused on the participants' perceptions of accountability, to whom they are accountable, and their perceptions of various mechanisms for establishing accountability. This theme relates to the control mechanisms embedded in the 2005 reform legislation and how the 2005 reform legislation has been implemented.

Reform stimulus and structure. Findings from this study show that the participants accept without question that auditing serves a useful role in a larger system of accountabilities that ultimately protects the interests of taxpayers, students, and the community at large. Further, the participants universally attribute the reform legislation to the unprecedented fraud that took place in the Roslyn Union Free School District and generally agree with the principles of the reform initiative. This is consistent with Zimmerman's conclusion that government accounting reforms do not gain traction unless one of three events occur: 1) incentives for voters and officials change; 2) there is a legal mandate to adopt the reform, or 3) discovery of fraud or mismanagement. Obviously, the discovery of fraud on an unprecedented scale in Roslyn provided the catalyst for the New York State Legislature to approve such a comprehensive set of

external controls. More importantly for purposes of this study, is that the Roslyn case provided what school business officials accepted as a legitimate rationale to enacting the reform.

As a result of the overlapping audits required by the reform legislation, the participants also indicated that they spend much more time and attention dealing with audits, inquiries and other compliance issues. This finding supports the previous research conducted by Wilner (2008) who found, based on interviews with a sample of school business officials working in Long Island school districts, that the reform elements made fraud more difficult and strengthened accountability.

External auditor rotation. The literature on external auditor rotation in the public sector clearly shows that audit quality is negatively associated with auditor tenure. Therefore a policy goal for a mandating auditor rotation is to shorten audit tenure. Similarly, a policy goal for requiring audit tendering is to encourage the shortening of auditor tenure. With either policy, shortening auditor tenure will presumably improve audit quality. One finding of this study is that only a few of the participants had changed auditors since the reform legislation. Of the participants that did change their external auditors, they appear not to have done so because of the requirement to competitively solicit for proposals. Further, all of the participants question whether auditor tenure could be shortened without a legal mandate requiring school districts to actually change auditors after a specified term. While the findings neither support nor refute conclusions in prior research about the relationship of audit quality and auditor tenure, the study adds to the conversation by suggesting a necessary condition to shorten auditor tenure.

In the academic literature on auditing, the dominant view of audit quality is based on DeAngelo's (1981) definition: audit quality is the probability that an auditor will detect material errors in the client's financial records and then report them. In other words, the more error found

during the audit process, the better the audit. Yet, the participants in the study use their external auditor as a resource throughout the year, and so value a stable relationship with a competent, capable external auditor who is familiar with the district leadership, finances and operations. Such a relationship tends to develop over time as familiarity between the auditor and the client grows. This is precisely the type of comfort that mandatory auditor rotation is designed to limit.

Internal audit. In the literature, internal auditing in municipal government is controversial; perhaps because the characteristics of internal audit operations such as mission, resources, and practice vary greatly across jurisdictions. This study finds that study participants were evenly divided about the principle of mandated internal audit at the municipal level, with less than half in support of mandated internal audit, less than half against mandated internal audit and two taking neutral positions. To professional organizations like the New York State Society of Certified Public Accountants (2014), a mandated internal audit is an essential audit function for any school district regardless of its size. This view is counter-balanced by the participants in this study who expressed highly negative reactions toward the internal audit mandate as it was implemented. Although it should be noted that the literature on internal audit specific to local government is not extensive, this finding reflects the lack of agreement about the appropriateness and utility of internal auditing for local governments found in the existing literature. More specifically, this finding is consistent with Aikens' (2012) study of government auditors where it was found that audit clients frequently delayed or avoided adopting audit recommendations.

Audit committees. The literature on municipal audit committees is quite recent and therefore not extensive. Because audit committees remain optional for a substantial proportion of local governments, the research to date seeks to explain voluntary formation. However, published studies exist that describe the characteristics of audit committees and document the

perceptions of officials about their utility. While the reform of interest mandated audit committees in New York, this study adds to the latter research stream in that none of the participants were critical of the audit committee concept and a clear majority of the participants supported the audit committee requirement in principle. The participants' attitude about the audit committee in practice was also quite positive. The findings of this project are consistent with the research on audit committees conducted to date.

Performance auditing. Perhaps because the practice of performance auditing has varied widely across jurisdictions and over time, performance audits seem to lack conceptual clarity in the current academic literature. However performance audits are described by early proponents as prescriptive, output-oriented analyses of operations conducted in a manner uniquely designed for each audit. However, performance audits may also include reviews for compliance with laws and policies, propriety and alignment with social, economic and political goals. Even with the range for a possible audit scope being exceedingly broad, the most frequent scope for performance audits during the first six years of the Office of the State Comptroller's performance audit program was a review of internal controls. While this finding is not consistent with the literature, it should be noted that a substantial number of output-oriented analyses of operations were conducted. Further, a small number of fiscally-stressed districts were subject to analyses of financial condition and quarterly budget review. The participants indicate that in recent years the scope of the performance audits has moved away from reviewing internal controls to topics that are more fiscal and operational in nature. To the extent that this transition is occurring, this study is consistent with both the early literature defining performance audits and later literature on the application of performance audits in broader real-world contexts.

Theme three: Surviving the reform. The third theme focused on the participants' perceptions of the effects of the reform on their work environments and relations. This theme relates to levers that could affect the psychological attachments of the participants on which commitment ultimately depends.

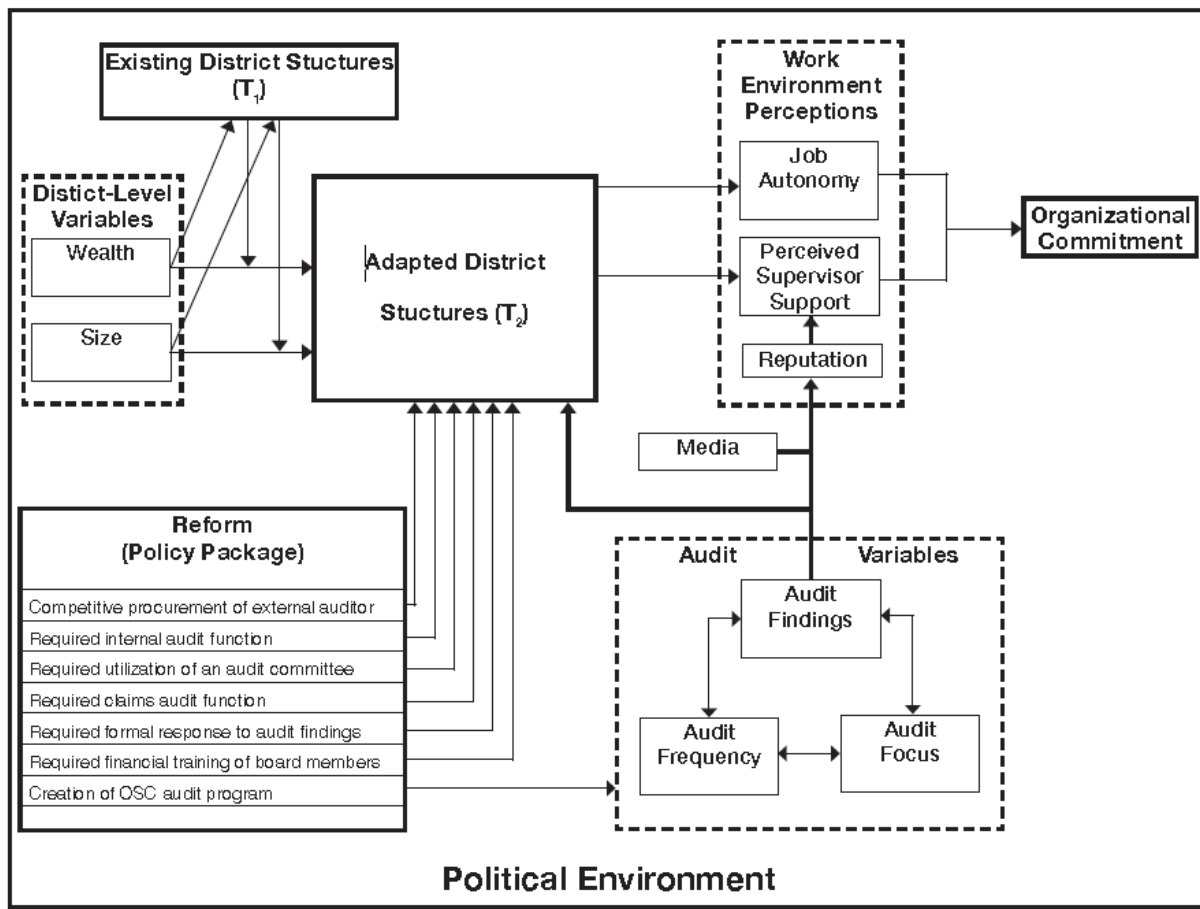
Possible effect on organizational commitment. This project clearly indicates that the participating school business officials firmly believe that the collective monitoring strategies embedded in the financial accountability reform of 2005 have substantially impacted their work environment, often in ways perceived by the participants as negative. This reinforces early research by Buchanan, and Balfour and Wechsler who concluded that work experiences influence commitment far more than individual characteristics.

The results of this project also find that the reform has affected how the participating school business officials feel about persisting in the occupation. All of the participants acknowledged that the additional auditing requires more of their time and attention. The finding supports Christensen and Laegrid's conclusion that managers are likely to have the strongest feelings about reforms when the reforms affect how the managers practice their craft.

The challenging and difficult environment, which the participants believe is unlikely to change in the foreseeable future, is creating stress and a sense of discouragement for the participating school business officials. This finding supports Stazyk, Pandey and Wright's preliminary conclusion that external control is transmitted to individuals and can ultimately diminishing affective commitment. The finding is also consistent with Yang and Pandey's finding of a negative association between bureaucratic structure and normative commitment, and Dunn and Legge's finding that reforms produce higher transaction costs and employee stress.

Possible reputational effects. Another finding of this study is that the participants were very sensitive to the portrayal of audit findings in the media. The participants believe that very negative consequences for school business officials can result when audit outcomes, even those with little practical consequence, are portrayed in an unbalanced fashion for consumption in the community. This finding supports and extends Desai, Hogan and Wilkins' finding that executive turnover follows a failure to comply with accounting standards (GAAP) in the private sector. In the figure below, reputation is shown as effecting perceived supervisor support. The nature of the connection to organizational commitment requires more exploration.

Figure 5: Revised Theoretical Construct



Possible effects on perceived supervisor support. This study also found that the participant's relationship with the district superintendent is an important one throughout the school business official's career albeit for different reasons in early and later career stages. As such, the superintendent would be a key person whose support would be needed in order to continue serving as a school business official in any circumstance. This would be especially true in situations when charges of incompetence or lack of integrity are alleged, the evidence does not clearly demonstrate the connection between the audit variables and perceived supervisor support. This is due to two factors. The first is that while many of the participants knew of or had heard about an audit that resulted in a business official being dismissed, none of the participants indicated that their own relationship with their superintendent was ever impacted by an audit. The second factor is that no data was collected from superintendents, making it impossible to determine how much weight, if any, that superintendents give to audit outcomes in their evaluation of a school business official's performance.

Along with job autonomy, the perceived supervisor support construct comprise the two main antecedents of organizational commitment in Brimeyer, Perrucci and Wadsworth's (2010), cited previously. Therefore, the findings from this study does not confirm, elaborates on, or refute the use of perceived supervisor support in the model.

This research project has examined the case of school business officials who were subject to an audit-intensive reform program that had the potential to impact their work environment and relations in substantial ways. The findings of the study are generally consistent with the initial theoretical model developed from the extant literature and support further testing of the variables and linkages that comprises the theoretical model. However, the further specification of the linkage between audit variables and perceived supervisor support is an important revision to be

included. In addition to improving future research of a theoretical model, the study did produce findings that could inform current discussions about how to ensure that the considerable financial resources devoted to public schooling are competently managed.

Recommendations

Anecdotal evidence from school district superintendents leads one to believe that in spite of multiple paths into the role, the school business official position remains the most difficult administrative position to fill. This could be because school business operations require highly specialized knowledge unlikely to be acquired in other institutional roles or settings. Also, the position is demanding. The participants in this study described the school business role as a “financial position that functions in a political context.” Success depends as much on understanding political situations as on doing financial tasks well.

The participants who completed graduate-level training in education were very critical of the training they received. The participants indicated that the training they received neither provided the specialized administrative knowledge most necessary for success, nor the practical skills needed to survive in a political environment. While it may be impossible to provide all of the knowledge and skills necessary for survival and ultimate success in the field, graduate programs in education should be strengthened with case study, simulations, capstone experiences and experiential learning in order to provide more of what school business officials value and need.

The ability to understand political situations comes with experience and maturity. The single best way for career-changers to obtain the specialized knowledge needed to function as a school business official is long-term experiential learning under the tutelage of a seasoned school business official and superintendent. While opportunities for these kinds of apprenticeships exist,

they are rarely paid positions. Because the prospect of foregoing a substantial annual income is usually prohibitive for a candidates with family obligations, legislators, and leaders of foundations, professional associations and educational institutions should consider providing training grants that can sustain a middle-income lifestyle for a year or longer to lessen the barrier of entry of into the field.

In general, the academic research to date about various elements of the reform does not provide sufficient evidence to guide policy. Policy debates, particularly over external auditor rotation and internal audit in the public sector, will continue to be hotly contested. More research should continue in these areas. However, in the absence of clear evidence that these mandates produce economic savings or produce real gains for democratic governance, external audit tendering and an internal audit function should be optional for public school districts and decided locally.

While insufficient, there is at least some research available to guide policy related to several elements of the reform. Unfortunately, there is no apparent academic body of research to guide policy with respect to three of the reform elements. These elements are claims auditing, board involvement and the corrective action plan. Nonetheless, it is possible to make recommendations in these areas based on political norms or best practice as opposed to positive science.

Claims auditing is a function unique to government that is distinct from corporate accounts payable (A/P). Unlike corporate accounts payable, it is not the responsibility of the claims auditing function to pay claims of any sort. Rather, the purpose of claims auditing is to pre-audit claim documents for compliance with law, policy, auditability and propriety. Also unlike corporate accounts payable, claims auditing is not a responsibility of management. The

claim audit function is established in law as a responsibility of the governing board. There was considerable opposition to the claims auditing mandate among the participants in the study, even among those that were CPAs. This may reflect general dissatisfaction with the lag effect caused by the arcane practice of reviewing and approving each and every claim¹⁴ that many districts continue to use. Legislators should recognize the monetary cost of inefficiency and evaluate whether claims auditing has a place in current theories of audit or has become a redundant relic of the past.

One strand of the reform was to require board members to undergo six hours of financial training endorsed by the Office of the State Comptroller. While all of the participants agree that six hours of financial training is insufficient preparation, none of the participants found any harm in board members receiving financial training. However, the study participant indicated that the training received provided far less of the specialized knowledge than a board member would be required to have in order to engage in financial issues in a meaningful way. Legislators and professional associations should consider expanding existing training offerings for newer as well as experienced board members.

The corrective action plan is a mechanism to force districts to address auditor recommendations, either by adopting them or presenting a strong defense for failing to adopt them. Even before the reform was implemented, external audits provided school district administrations with an opportunity to respond to auditor findings. As an audit reached its conclusion the audit firm's management submitted findings to the district administration in a

¹⁴ Exceptions do exist. Refer to <http://www.osc.state.ny.us/localgov/pubs/lgmg/claimsauditing.pdf>. But many districts continue the practice of exhaustive claims review.

document referred to as a “management letter.” The administration’s response to the letter completed the material that the auditor’s management presented to the board for the public record. Since a feedback loop existed previously, no recommendation is made concerning the corrective action plan.

Researcher Reflections

This study was conducted by a researcher conditioned by several personal characteristics such as gender, age, race, education, professional training and experiences. Importantly, sensitivities to inherent conflicts and competing demands were developed while working in public sector financial positions, including as a school business official. All together, the researcher has a generally conservative outlook on fiscal and professional matters. One might expect that a person with this type of outlook would believe that the providers of tax revenue, the state and ultimately the public, have a right to demand financial accountability of its agent, the school district; and accept auditing as an important and useful tool for that purpose. One might also expect that a person with this type of outlook would disapprove of wasteful spending. These values come into conflict when perceived gains of an audit program are not commensurate with its costs. Because the school business officials who participated in the study are conflicted about the benefits of the reforms, this project highlights the constant struggle by public managers to negotiate the goal conflicts and competing demands inherent in the public sector. As Lipsky (1980) made clear, public managers color policy as they apply their own ethical and technical judgments to each situation they face.

While the study findings were generally as expected, what is presented in this report is not simply a narrative of the researcher’s opinions. There were some surprises. Curiously, only one participant was a teacher before becoming a school business official. The researcher’s

previous understanding was that school business officials were often recruited from the teaching ranks. Those who taught mathematics or business were thought to be particularly suitable. It appears that prior business experience in the private sector has become a valued attribute for a school business candidate and that the civil service has become the dominant path into the field. The assimilation of corporate values into school systems could be an important factor that is shaping the school business function and its practice.

A second surprise was that the participants' views of the performance audits conducted by the Office of the State Comptroller have eased over time. The participants related horror stories of colleagues losing their positions during the first five years of the reform because of audits conducted by ill-trained and ill-informed state auditors arriving with the express purpose of "finding something wrong." In spite of feeling that they continue to be viewed with suspicion and as incompetent by Office of the State Comptroller staff, the participants indicated that the quality of the audits and auditors has improved somewhat. This was unexpected, and may reflect acceptance of a new equilibrium, characterized by auditors wielding greater authority and compliance with rules being the primary consideration in school business decisions.

A third surprise was the intensity with which the participant's associated the reform package with contemporary partisan political agendas playing out in New York State, and how acutely aware the participants were of the reputational penalties that they could accrue because of how the reform had been implemented. This lends credence to the assertion of some, like Power, that auditing regimes are primarily a political expression of power.

Suggestions for Further Research

This project was intended as a study of the effect of a New York State reform featuring extensive auditing on the organizational commitment of school business officials in public

school districts, as they are the officials who are arguably most directly responsible for the operations subject to audit. The findings and conclusions are based on a sample of ten practicing school business officials. While the participants provided rich data about their experiences as school business officials and with the reform of interest, the data provided by additional participants might have yielded new themes or stronger support for findings that fell just below the (70%) threshold to be considered a “major” finding. The ten participants in this study were mostly from a single geographic area in upstate New York. For her 2008 dissertation, Wilner interviewed five school business officials working in Long Island school districts, also a small sample. A survey of school business officials from across New York State might result in findings that are generalizable to the population of school business officials in New York State.

The 2005 financial accountability reform legislation also applied to all general and special purpose local governments in New York State. Whether financial managers in general purpose governments share similar attitudes, values and beliefs about their roles and commitments as do the school business officials who participated in this study is an important question to be explored. More instrumentally, has the reform affected work environments in general purpose governments in similar ways as the work environments in public school districts? Completing a qualitative case study with two cases, one case being fiscal managers in NYS school districts and the second being NYS local governments would help illuminate similarities between the two public environments or the experiences of the people who practice in them.

Financial accountability reforms are being applied to public sector contexts across the United States. In this vein, further research is needed to determine if and how educational accountability reforms such as the No Child Left Behind (NCLB) Act or Common Core affect

the organizational commitment of New York State teachers. On a policy level, comparisons between U.S. states with unique characteristics would be worthwhile. For example, it would be useful to know how public sector fiscal managers negotiate financial accountability in states that do not require compliance with Generally Accepted Accounting Principles (GAAP).

This study focused on the perspective of the auditee. The participants were clearly aware of the reputational penalties that could accrue to them because of how the reform had been implemented and politicized. It was also a surprise to discover how the participants relied on the media for signaling potential threats to their positions. Studies exploring reputational penalties in the public sector would help to connect how superintendents react to various types of issues in the environment.

Based on these participants, it seems clear that the business official's relationship with the district superintendent is important regardless of career stage, evolving from one of dependence on the superintendent for survival in the business official's early career, to building a partnership as the SBO becomes confident and established. Finally toward late career, the business official may offer his or her expertise to districts under fiscal scrutiny and led by less experienced superintendents and boards. Studies of how experienced and inexperienced superintendents perceive audit reports, perhaps using a matched pairs or case study design with experienced school business officials and inexperienced ones, would more clearly illuminate circumstances whereby audit findings are likely to impact perceived supervisor support, reputation and commitment most strongly.

Conclusion

Chapter 5 concludes this research study. The study findings produced three themes that revealed; a) how the study participants entered and became established in the school business

career field, b) how participants assess the utility of the reform elements, and c) the participants' strategies for survival in the post-reform environment. According to the ten participants interviewed for the study, the accountability demands produced by the reform have affected their work environment in tangible ways. The participants all share a belief that school districts must be accountable for their stewardship of public funds, yet their assessments of the utility of the different reform elements vary. The participants consistently agree that over the ten years since the reform legislation was passed, the audit regimes have produced little benefit relative to its cost, yet have been a major factor in creating an environment that is substantially more difficult for school business officials to survive in.

Of particular interest for this project was elaborating on the mechanisms by which external controls affect the psychological attachments that bind public sector financial managers to their organizations. The original theoretical framework created from a review of the literature proposed that a public financial manager's organizational commitment was a function of their perceptual constructions of the job autonomy and supervisor support that they enjoyed, and that public financial managers' perceptions of autonomy and support would change as intensified external controls changed their work environment. The study findings generally support the original model as proposed, but added to it in an important way by clarifying the role of the media as a lever to affect the supportive relationship between the superintendent and the school business official, and as a barometer used by the school business official on which to base altering their perceptions of supervisor support.

This project extended existing knowledge about how and why school business officials in New York enter the field and continue to serve while their work environment continues to change around them in unfavorable ways. Recommendations invite policy-makers to

contemplate questions of the financial and human costs and benefits required to achieve near-perfect accountability and control. First, because no current system of financial controls can defeat a determined collusion to circumvent them, policy-makers are invited to consider the costs of audit regimes and other external controls. Second, policy-makers are invited to consider whether intense monitoring of school districts constrains initiative at a time when creative resource management at the district level is urgently needed. Finally, because experienced and stable financial leadership is important for the fiscal health of school districts (EdSource, 2006; Westbrook, 2009), policy-makers should reflect on the importance of creating a stable cadre of skilled school business leaders who are committed to attaining public goals over the long term.

Appendix A

Timeline and Legislative History

Excerpts from http://www.osc.state.ny.us/localgov/schoolsfa/app_b.htm on September 6, 2014

- Press release: “Hevesi to Audit Roslyn School District” (June 1, 2004)
- Press release: “Hevesi Announces Increased Oversight of Schools in Response to Long Island Financial Scandals” (July 14, 2004)
- Assorted articles, editorials and interviews regarding the scandal in the Roslyn Union Free School District, the development of the Five-Point Plan, and additional audits and related issues appear in the *The New York Times*, *New York Newsday*, *The Rockland County Times*, *The Watertown Daily Times*, *The South Shore Press*, *The CPA Journal*, *The Spotlight Newspapers*, *The Lewisboro Ledger*, and *The Rockville Centre Herald*: July 2004 – November 2005)
- Press release: “Four Long Island School Districts to Receive In-Depth Audits, Administrative Costs to be Audited for at Least 15 More Districts” (August 3, 2004)
- Assembly Bill 11829, “An act authorizing the Comptroller to conduct audits of every school district, BOCES, and charter school, and providing an appropriation therefore,” introduced by the Committee on Rules at the request of Assemblyman Thomas DiNapoli, et. al. (August 12, 2004)
- Press release: “Hevesi, Education Officials and CPAs Announce Initiatives to Increase Financial Accountability in Schools” (October 26, 2004)

- Press release: “Audit Finds Extensive Impropriety by Firm That Audited Roslyn School District & 54 Other School Districts” (January 6, 2005)
- Press release: “Hevesi, Saland, DiNapoli and Coalition Call for Increased Oversight for School Finances” (January 12, 2005)
- Senate Bill 890, the “School Accountability Act” that is described as “an act to amend the education law and the executive law, in relation to audits of school districts, BOCES and charter schools by the state comptroller,” which was introduced by Senator Carl Marcellino, Senator Michael Balboni, et. al. (January 21, 2005)
- Press Release: “Hevesi Audit Finds School Employees Used at Least \$11.2 Million of Roslyn School Funds for Personal Benefit: Audit of Roslyn Schools Details Breakdown of Oversight and How Dozens Benefited With Cash, Cars, Travel, Personal Goods at Taxpayers’ Expense” (March 2, 2005)
- Coverage of the Roslyn Union Free School District audit findings (*New York Newsday*, March 3, 2005)
- Assembly Bill A6082, “Relat(ing) to accountability of school districts” (the Five-Point Plan) introduced by Assemblyman Thomas DiNapoli (March 4, 2005)
- Assembly Bill 6761, “An act authorizing the Comptroller to conduct audits of every school district, BOCES, and charter school, and providing an appropriation therefore,” introduced by Assemblyman Thomas DiNapoli, Assemblywoman Patricia Eddington, et. al. (March 23, 2005)
- Senate Bill S5050, “Relat(ing) to accountability of school districts” (the Five-Point Plan) introduced by Senator Stephen Saland (April 18, 2005)

- Senate Bill S5050A/Assembly Bill 6082B, “An Act to amend the education law, in relation to accountability of school districts” (passed by the Legislature on June 21, 2005)
- Senate Bill S890B/Assembly Bill 6761B, “An Act to amend the education law and the general municipal law, in relation to audits of school districts, BOCES and charter schools by the State Comptroller” (passed by the Legislature on June 21, 2005)
- Press release: “Legislature Passes School Reform Bills” (June 21, 2005)
- Ten-Day Bill Memorandum on Senate Bill S5050A/Assembly Bill 6082B and Senate Bill S890B/Assembly Bill 6761B in favor of passage (July 14, 2005)
- Chapter 263, Laws of 2005, “An Act to amend the education law, in relation to accountability of school districts” (signed into law on July 19, 2005)
- Chapter 267, Laws of 2005, “An Act to amend the education law and the general municipal law, in relation to audits of school districts, BOCES and charter schools by the State Comptroller” (signed into law on July 19, 2005)
- Press release: “Hevesi Praises Pataki for Signing School Accountability Bills: Calls Bills a Major Step Forward in Restoring Public Trust in Schools” (July 25, 2005)

Appendix B

Recruitment Script

*The script is the same for telephone and email.

Hello. My name is Michael Torak. I am a doctoral candidate at Syracuse University's Maxwell School of Citizenship and Public Affairs. I used to work as a school business official. Now I am doing a research project about how school business officials feel about their jobs in light of recent changes to the State's system of financial accountability and control. I wonder if I could visit with you for an hour or so in your office and ask you some questions about that? What you say will be kept confidential.

Before we can sit down together, I need to send you a form describing your rights as a participant in the study. Please read it carefully. I'll contact you in a few days to see if you have any questions or concerns.

If you decide to participate, we can set up a time to meet. If you have any questions, Feel free to email me at mtorak@syr.edu or call at 315-443-5840 (desk) or 315-420-8048 (cell). I appreciate your consideration.

Appendix C

Consent Form



SYRACUSE UNIVERSITY

MAXWELL SCHOOL OF CITIZENSHIP AND PUBLIC AFFAIRS

DEPARTMENT OF SOCIAL SCIENCE

Maxwell Hall 413

Syracuse, NY 13244

315-443-2275

School Business Officials' Perceptions of a State Program of Financial Controls

My name is Michael Torak, and I am a doctoral candidate at Syracuse University's Maxwell School of Citizenship and Public Affairs. I am inviting you to participate in a research study. I am interviewing several school business officials and I want to talk with you because of your knowledge of district financial management and operations.

Involvement in the study is voluntary, so you may choose to participate or not. This sheet will explain the study to you and please feel free to ask questions about the research if you have any.

I will be happy to explain anything in detail if you wish.

I am interested in learning more about the role of the school business official in the state's system of financial accountability and control. You will be asked to verbally respond to questions that I will ask. This will take approximately 60 min of your time.

All information will be kept confidential. In any articles I write or any presentations that I make, I will use a made-up name for you, and I will change details about you such as where you've worked or went to school, etc.

I ask your permission to make an audio recording of the interview. The purpose for recording is to make note-taking easier. The recordings will only be used for data analysis purposes. A paid transcriber will create a transcript from the audiotape. When the transcription process is complete only my faculty advisor, Dr. Stuart Bretschneider, and I will have access to the recordings. The recordings will be retained for three years and erased when the study is complete.

The benefit of this research is that it will help us understand the effects of financial controls in the domain of public education, and possibly improve their design.

If you do not want to take part, you have the right to refuse to take part, without penalty. If you decide to take part, you may decline to answer any question, without penalty. If you decide to take part and later no longer wish to continue, you have the right to withdraw from the study at any time, without penalty.

If you have any questions, concerns, complaints about the research, contact Dr. Stuart I. Bretschneider at 315-443-1890. If you have any questions about your rights as a research participant, you have questions, concerns, or complaints that you wish to address to someone

other than the investigator, or if you cannot reach the investigator contact the Syracuse University Institutional Review Board at 315-443-3013.

All of my questions have been answered, I am 18 years of age or older, and I wish to participate in this research study. I have received a copy of this consent form.

___ I agree to be audio recorded.

___ I do not agree to be audio recorded.

_____	_____
Signature of participant	Date

Printed name of participant

_____	_____
Signature of researcher	Date

___Michael A. Torak_____

Printed name of researcher

Appendix D

Interview Questions

1. To begin, I'd like to know a little about your background. Would you tell me about your professional training and career path?

[Follow-up] What motivated you to become a school business official?

2. If you weren't a school business official, what would you prefer to be doing?

[Follow-up] What is it about that occupation/activity that is attractive to you?

3. How much of your job involves working with district finances?

[Follow-up] What kinds of processes does that entail?

[Follow Up] If you created a dashboard for managing district funds, what would the instruments measure?

4. To what extent do you feel accountable for the district's financial management and performance?

5. What are the most important things that you, as a school business official, must do or accomplish in order to be seen as successful here?

[Follow-up] You are accountable for these things?

[Follow-up] Are there signals that tell you that you've done a good job?

6. What about the school business official role do you find particularly satisfying?

7. Still, you've described a very demanding job. What about the school business official role do you find particularly challenging?

[Follow-up] Can any of those challenges be made less challenging? How?

- 8.** In recent years, New York State has taken several steps to make sure school districts spend money appropriately. Why do you suppose New York State took those steps?
- a. For example, external auditor work must be competitively bid and contract terms limited. Do you think competitively bidding external auditor work or limiting contract terms have made any noticeable difference on the financial management or performance in districts where you've worked?
 - b. Similarly, board members must take several hours of financial training. Do you think financial training has had any noticeable effect on the financial management or performance in districts where you've worked?
 - c. There has to be an audit committee and an internal auditor. Do you think an audit committee and an internal auditor have made any noticeable difference on the financial management or performance in districts where you've worked?

[Follow Up] Have any of these mandates had any impact on the day-to-day demands of the school business official?

- 9.** Would you describe the various kinds of audits that a school district is subject to?

[Follow Up] What is your general view of audits and auditors?

[Follow Up] Would you describe your involvement with each kind of audit?

[Follow Up] Do you have any stories of a particularly memorable audit?

- 10.** The Office of the State Comptroller (OSC) audited every school district between 2005 and 2010. Some districts were audited several times. What was your experience with the OSC audits you responded to?

- 11.** Do you think that the OSC audits were well-conducted?

12. Do you believe that audits conducted by the OSC are beneficial to you, the district, or anyone else?
13. In your view, what more can (or should) school districts do to satisfy their constituencies that they are accountable for district finances?
14. Looking back/forward, how do you see the school business official position changing over time?
15. If a young person approached you and expressed a desire to be a school business official in New York State, what would your advice be?

[Follow Up] Where do you see your own career going from here?
16. Is there anything else you think I need to know in order to really understand your role in financial management or how the oversight measures we spoke about have impacted your role as a school business official?

Appendix E

Example of Data Auditability for “Creativity” Code

	Transcribed Text (Corpus)	Open Coding
181	M: How about politics?	
182		
183	● I had this conversation with another business official	
184	just recently that <u>they've sucked a lot of the fun out of this</u>	they've sucked the fun out of this job.
185	<u>job between the tax cap and the bully in the governor's</u>	
186	<u>office saying how school districts are just throwing money</u>	Bully in the Governor's office
187	<u>away. They all have money socked away and they're not</u>	saying that districts throw money
188	<u>using it. It used to be that a school district if they thought</u>	away on and sitting on
189	<u>creatively and they had the support of their community</u>	piles of money
190	<u>could really do great things.</u>	creativity now discouraged
191		
192	Now it seems like they're trying to squeeze that out. If	
193	there are a few successful school districts out there,	No sense of freedom to experiment.
194	they're almost trying to level everyone down rather than	
195	let the people who maybe have a good idea and the	
196	backing of their community to pursue it. There's no sense	
197	of freedom to go ahead and try that.	
198		
199	The tax cap has almost made a lot of school districts almost	
200	a turtle mentality. Just pull everything back and hunker	
201	down and try to weather the storm. We'll maybe go to the	hunker down and weather the storm
202	tax cap, maybe not even all the way, and maybe our	
203	people won't hurt us too badly at the voting booth. The	
204	public perception of what public school districts are...the	Negative public perception
205	conversation at the top just seems to be so negative that I	
206	think they miss a lot of the positive things about public	
207	schools and what they have to offer to their students.	
208		
209	Sure there are bad examples. A lot of what we are dealing	
210	with today happened seven or eight years ago was the	Roslyn
211	Roslyn school district. All the terrible things that happened	
212	there because the state had for ten years not ordered any	
213	school district, created an environment where people	NYS state created an
214	thought they could get away with anything. And then	environment where people
215	when they caught somebody trying to get away with you	thought they could get
216	know really egregious accounting practices then they	away with anything.
217	painted the whole community with the same brush. Well	when someone actually
218	everybody's got to have this audit, that audit, and here's	tried, they paint the whole
219	all the rules you have to follow. And it created a lot of	community
220	expense for school districts based on that really one bad	
221	example at the school.	
222		
223	And yes they found other issues with some of the other	Audit got a rules
224	<u>school districts</u> . Mostly I think you create an environment	over-reaction?
225	where no one thinks there's any rules, you are going to	
226	have people taking advantage of the fact that nobody is	Finds some issues
227	paying attention. It's kind of like a pendulum. It's way	
228	over here, nobody is doing anything, now it's over here	
229	and you can't pass gas without somebody auditing the	
230	results. It's kind of to the point of ridiculous sometimes it	Ridiculous
231	seems.	
232		
233	I spent a lot of time explaining to my board why there was	
234	a \$35 claim form page and it wasn't a purchase order. Ten,	10 to 15 years ago the attitude
235	fifteen years ago it's \$35, move on, we got a hundred	was to focus on larger picture
236	million dollar budget. Now I spend a lot of time on the	
237	minutiae it seems like because of the audit environment	spend a lot of time on
238	that was the result from years ago from Roslyn.	Minutiae

Coded Summary for One Participant

SUMMARY OF [REDACTED] INTERVIEW SBO-4

SBO-4 occupies a [REDACTED] position in the [REDACTED] region.

Male

Entry and Career Progression

SBO-4 sought employment after [REDACTED] (accounting). [REDACTED] found a job doing accounting work in a private company. This is where [REDACTED] learned accounting. SBO-4 entered the civil service system as [REDACTED] in a [REDACTED] school district. After [REDACTED] years he received an internal promotion to [REDACTED]. After [REDACTED] years he received an internal promotion to Business Manager. SBO-4 spent [REDACTED] years working [REDACTED] way up the ranks in the same district. SBO-4 left for a [REDACTED] position in a wealthier suburban district and has been there for [REDACTED] years. [REDACTED] finished [REDACTED] Bachelor's degree in accounting in [REDACTED].

1V: PAYCHECK

2A: PRIVATE INDUSTRY

3A: PREPARATION

4V: LOOKING TO RETIREMENT

SBO-4 is looking toward retirement and is unlikely to move to another district or pursue a different career path (such as becoming a CPA or a certificated SBO or pursuing his early ambition to be a novelist). SBO-4 will reach [REDACTED] milestone at age [REDACTED] and is not likely to work as an SBO beyond that. Re-entry into the private sector seems to be the safest and most likely route after retirement or if [REDACTED] ever had to make a job change before that time.

5V: POST-SBO

6V: POST-SBO

SBO-4 believes that few go [REDACTED] to school to be SBOs. Some are CPAs looking for a less demanding work environment. Others just "fall into it". [REDACTED] had no idea that school business was an occupation.

7B: PREPARATION

8A: FAMILY CONNECTION

Possible Influences in Attitude Formation

SBO-4 did not seek out an SBO position. Encouragement from [REDACTED] father-in-law and his felt obligation as head-of-household drove [REDACTED] to pursue an opening to secure the "excellent benefits" offered by the employing district, including health care that would meet the needs of [REDACTED] young family and a future pension through the NYS retirement system.

9V: BENEFITS

Reasons for Liking SBO Work

SBO-4 enjoys the variety involved with the job. There is a new wrinkle every year and you never know what any given week will hold. SBO-4 likes the puzzle aspect. [REDACTED] likes to package information for public consumption and speak in public.

10V: VARIETY

11V: SPEAK IN PUBLIC

Someone pursuing an SBO role should like financial work and its application to schools and kids.

12B: SHOULD LIKE FINANCIAL WORK

Reasons for Disliking SBO Work

A lot of time and effort goes into the job - 60 hours a week and no summers off like many people think.

13V: PRESSURE WORK

SBO-4 believes that it is hard to do anything creative to help programs. Creativity is now discouraged

14B: CREATIVITY DISCOURAGED

and SBO-4 feels that there is no freedom to experiment. "They've sucked the fun out of the job."

15A: NO FUN

SBO-4 speaks about the rhetoric from the Governor's Office encouraging the notion that districts are throwing away money or sitting on piles of money that should go to tax relief. SBOs are ridiculed and vilified - they hear rhetoric from Albany that SBO's are just not trying hard enough. SBO-4 notes the negative public perception. It is "disheartening". [REDACTED] is inclined to "hunker down" and weather the storm.

16B: POLITICAL MOTIVES

17B: RIDICULED & VILIFIED

18A: DISHEARTENING

19A: HUNKER DOWN

SBO-4	SUMMARY CODING	CODES		1
		TENTATIVE CATEGORY	No. SBO CODE	
PAYCHECK	CODE NAME	Continuance	1 SBO-4 sought employment after three years of college	
PRIVATE INDUSTRY		Prior Work Exp	2 SBO-4 private company.	
PREPARATION		Prior Work Exp	3 SBO-4 This is where he "learned accounting"	
LOOKING TO RETIREMENT		Continuance	4 SBO-4 looking toward retirement	
POST - SBO 1		Normative	5 SBO-4 will reach his 30 year milestone at age 57 and is not likely to work as an SBO beyond that	
POST - SBO 2		Normative	6 SBO-4 Re-entry into the private sector	
OCCUPATION AWARENESS		Qualification	7 SBO-4 few go to school to be SBOs	
FAMILY CONNECTION			8 SBO-4 CHECK THIS	
FRINGE BENEFITS		Continuance	9 SBO-4 felt obligation as head-of-household drove him to pursue excellent benefits	
VARIETY		Affective	10 SBO-4 enjoys the variety involved with the job	
SPEAK IN PUBLIC		Affective	11 SBO-4 likes to package information for public consumption and speak in public	
LIKE FINANCIAL WORK		Affective	12 SBO-4 should like financial work	
PRESSURE-COOKER		Affective	13 SBO-4 A lot of time and effort	
CREATIVITY DISCOURAGED		Affective or Autonomy	14 SBO-4 Creativity is now discouraged	
NO FUN		Affective	15 SBO-4 They've sucked the fun out of the job."	
POLITICAL MOTIVE		Affective	16 SBO-4 the Governor's Office encouraging the notion that districts are throwing away money	

Summarized Codes and Tentative Categories

Placement of a Category into a Theme

CODES UNDER CATEGORIES v. 1: Page 20

10. Do these SBOs believe that there is a role for creativity?

AUTONOMY

1. SBO-1 Most things are predictable
2. SBO-2 Has to enforce the rules.
3. SBO-3 The excitement of the job is creatively managing money to maximize "product"
4. SBO-4 It used to be that if you had some creativity and the support of your community, you could do great things. (but) creativity is now discouraged. The work is regimented and strict.
5. SBO-5 Finding resources is my job
6. SBO-6
7. SBO-7 believes that finance officers must think creatively and solve problems
8. SBO-8 You have to be flexible in resource use; you can be creative but within limits
 - a. considers herself a rule-follower
 - b. Uses the "newspaper" test to guide decisions in muddy situations
9. SBO-9 If a need arises that truly important, she "is going to find a way" to secure the resources; less time for me ... coming up with new ideas."
10. SBO-10 financial success = balanced budget no glaring deficiencies on audits, protect bond rating

Can be creative?

Yes

744

50%

No

111

30%

Unclear

11

20%

Presentation in the Final Report

Text on page 77.

When a person senses that they are autonomous, they may feel free to express creativity. Participants expressed their belief that others expect school business officials to think creatively and solve problems. Half of the participants cautioned that school business officials can be creative, but within limits, and typically creativity is only appreciated within the sphere of resource utilization. One participant commented on the limited opportunity to be creative:

“It used to be that if you had some creativity and had the support of your community, you could do great things. (But) creativity is now discouraged. The work is regimented and strict.”

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